VELAN INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
to be held on March 20, 2025

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of the subordinate voting shares (the "**Subordinate Voting Shares**") and the multiple voting shares (the "**Multiple Voting Shares**", and collectively with the Subordinate Voting Shares, the "**Shares**") of Velan Inc. (the "**Company**") will be held as a virtual-only meeting conducted by live audio webcast at https://meetings.lumiconnect.com/400-773-607-630 on March 20, 2025 at 10:00 a.m. (Montréal time) for the following purposes:

1. to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Special Resolution**") approving the proposed sale by the Company's U.K. direct wholly-owned subsidiary, Velan Valves Limited, of its direct French wholly-owned subsidiaries (being the Company's indirect wholly-owned subsidiaries), Segault and Velan S.A.S. ("**Velan France**"), to Framatome SAS, for a purchase price of US$177.6 million (€170 million), with the benefit of the transfer by Velan France of an intercompany loan receivable from the Company of US$23.5 million (€22.5 million), for total consideration to the Company of US$201.1 million (€192.5 million) (the "**France Transaction**"), as outlined in the full text of the Special Resolution provided in Appendix B to the accompanying management information circular (the "**Circular**"); and

2. to transact such other business as may properly come before the Meeting or any postponement or adjournment thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the Circular which accompanies and is deemed to form part of this notice of Meeting (this "**Notice of Meeting**"). Among other considerations, the proceeds of the France Transaction are intended in part to finance the resolution of the Company's asbestos-related liabilities, through the divestiture of the Company's existing U.S. subsidiaries to an affiliate of Global Risk Capital LLC (the "**Asbestos Purchaser**"), at a cost to the Company of US$143 million (subject to certain adjustments), pursuant to the terms of a previously-announced share purchase agreement made as of January 14, 2025 among the Company, its U.S. wholly-owned subsidiary, Velan Valve Corp., and the Asbestos Purchaser (the "**Asbestos Divestiture Transaction**").

The France Transaction requires approval by not less than two-thirds of the votes cast at the Meeting by Shareholders virtually present or represented by proxy and entitled to vote at the Meeting (the "**Required Shareholder Approval**") pursuant to subsection 189(3) of the *Canada Business Corporations Act* (the "**CBCA**"). While it is required under the CBCA that the Meeting be held, the Required Shareholder Approval is already effectively secured, as Velan Holding Co. Ltd., the Company's controlling shareholder and the sole holder of the Multiple Voting Shares, representing approximately 72% of the total Shares issued and outstanding and of the aggregate voting rights attached to all of the Shares, has entered into a support and voting agreement pursuant to which it has agreed to vote all of its Shares in favour of the Special Resolution. Accordingly, subject to the entering into of the definitive share purchase agreement and the satisfaction of customary closing conditions, the France Transaction will proceed. Although the Asbestos Divestiture Transaction does not require Shareholder approval under the CBCA, it is discussed in this Notice of Meeting and the Circular due to its interconnectedness with the France Transaction.

To ensure that Shareholders will have an equal opportunity to participate in the Meeting regardless of geographic location, the Meeting will be held in a virtual-only format conducted by live audio webcast at https://meetings.lumiconnect.com/400-773-607-630, the password being "velan2025" (case sensitive). The virtual Meeting will be accessible online starting at 9:30 a.m. (Montréal time) on March 20, 2025. Shareholders will not be able to attend the Meeting in person.

Shareholders are entitled to vote at the Meeting either virtually or by proxy. Pursuant to the articles of the Company, since the approval of the France Transaction is required under subsection 189(3) of the

CBCA, each Subordinate Voting Share and each Multiple Voting Share entitles the holder thereof to an equal number of votes at the Meeting and, as a result, each Subordinate Voting Share and each Multiple Voting Share entitles the holder thereof to five votes at the Meeting. The Board of Directors of the Company has fixed February 24, 2025 as the record date for determining Shareholders who are entitled to receive notice of and vote at the Meeting. Only Shareholders whose names have been entered in the register of the Company as at the close of business (Montréal time) on such date will be entitled to receive notice of and vote at the Meeting.

Whether or not you are able to virtually attend the Meeting, Shareholders are encouraged to vote as soon as possible electronically, by telephone, email or in writing, by following the instructions set out on the form of proxy or voting instruction form, as applicable, which accompanies this Notice of Meeting. Proxies must be received by the Company's transfer agent, TSX Trust Company (the "**Transfer Agent**"), at P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department, or by email by sending your proxy to proxyvote@tmx.com, not later than 10:00 a.m. (Montréal time) on March 18, 2025 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed). The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at his discretion, without notice.

If you hold your Shares through a broker, investment dealer, bank, trust company or other intermediary (each, an "**Intermediary**") and received a voting instruction form from your Intermediary, Broadridge Financial Solutions Inc. ("**Broadridge**") or the Transfer Agent, you should follow the instructions in the voting instruction form to ensure your vote is counted at the Meeting.

The voting rights attached to the Shares represented by a proxy in the enclosed form of proxy will be voted in accordance with the instructions indicated thereon. **If no instructions are given, the voting rights attached to such Shares will be voted <u>FOR</u> the Special Resolution.**

A registered Shareholder who has submitted a proxy may revoke such proxy by: (a) completing and signing a proxy bearing a later date and depositing it with the Transfer Agent in accordance with the instructions set out above, or (b) depositing an instrument in writing executed by the registered Shareholder or by such Shareholder's personal representative authorized in writing (i) at the office of the Transfer Agent no later than 10:00 a.m. (Montréal time) on March 18, 2025 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed), (ii) with the scrutineers of the Meeting, addressed to the attention of the Chair of the Meeting, prior to the commencement of the Meeting on the day of the Meeting, or where the Meeting has been adjourned or postponed, prior to the commencement of the reconvened or postponed Meeting on the day of such reconvened or postponed Meeting, or (iii) in any other manner permitted by law. If you attend the Meeting but do not vote by poll, your previously submitted proxy will remain valid.

A non-registered Shareholder who has given voting instructions in accordance with the voting instruction form may revoke such voting instructions by following the instructions. However, if the non-registered Shareholder is an objecting beneficial owner, the Intermediary or Broadridge from whom such Shareholder received the voting instruction form may be unable to take action on the revocation if such revocation is not provided sufficiently in advance of the Meeting or any adjournment or postponement thereof.

Registered Shareholders and duly appointed proxyholders, including non-registered Shareholders who have duly appointed themselves as proxyholders and registered their appointment with the Transfer Agent as described in the Circular, will be able to attend, ask questions and vote at the virtual Meeting.

Pursuant to the CBCA, registered Shareholders have the right to dissent in respect of the France Transaction and, if the France Transaction becomes effective, to be paid an amount equal to the fair value of their Shares. This dissent right, and the procedures for its exercise, are described in the Circular under "*Information Concerning the Meeting – Dissent Rights of Shareholders*". Failure to strictly comply with the dissent procedures described in the Circular will result in the loss or unavailability of any right to dissent. Persons who are beneficial owners of Shares registered in the name of an Intermediary who wish to dissent

should be aware that only registered Shareholders are entitled to dissent. Accordingly, a beneficial owner of Shares desiring to exercise this right must make arrangements for the Shares beneficially owned by such Shareholder to be registered in the Shareholder's name prior to the time the written objection to the Special Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of such Shares to exercise such right to dissent on the Shareholder's behalf. It is strongly suggested that any Shareholder wishing to dissent seek independent legal advice, as the failure to strictly comply with the provisions of the CBCA may result in the forfeiture of such Shareholder's right to dissent.

Dated at Montréal, Québec, this 19th day of February, 2025.

BY ORDER OF THE BOARD OF DIRECTORS OF VELAN INC.

(signed) "*James A. Mannebach*"

James A. Mannebach
Chairman of the Board of Directors

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APPENDICES

MANAGEMENT INFORMATION CIRCULAR

Introduction

This Circular is furnished in connection with the solicitation of proxies by and on behalf of management of the Company for use at the Meeting and any adjournment or postponement thereof.

In this Circular, the Company and its subsidiaries are collectively referred to as the "Company", as the context requires.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth in the Glossary attached to this Circular as Appendix A or elsewhere in the Circular. Information contained in this Circular is given as of February 19, 2025, except where otherwise noted and except that information in documents incorporated by reference is given as of the dates noted therein. No person has been authorized to give any information or to make any representation in connection with the Transactions and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company or Framatome, in respect of the France Transaction only, as applicable.

This Circular does not constitute the solicitation of an offer to purchase, or the making of an offer to sell, any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation or offer is not authorized or in which the person making such solicitation or offer is not qualified to do so or to any person to whom it is unlawful to make such solicitation or offer.

Information contained in this Circular is not intended to be and should not be construed as legal, tax or financial advice and Shareholders are urged to consult their own professional advisors in connection therewith.

All summaries of, and references to, the France Transaction SPA in this Circular are qualified in their entirety by the execution version thereof. A copy of the France Transaction SPA will be available under the Company's profile on SEDAR+ at www.sedarplus.ca as soon as practicable upon the execution thereof.

Non-IFRS Measures

In this Circular, the Company has presented measures of performance or financial condition which are not defined under IFRS and are, therefore, unlikely to be comparable to similar measures presented by other companies. These measures are used by management in assessing the operating results and financial condition of the Company and are reconciled with the performance measures defined under IFRS. Reconciliations of these amounts can be found at the end of the management's discussions and analysis of the Company.

Forward-Looking Statements

Certain statements contained in this Circular may constitute forward-looking information or forward-looking statements (collectively, "**forward-looking statements**") under the meaning of applicable Securities Laws, including but not limited to, statements or implications with respect to the rationale of the Special Committee and the Board of Directors for approving the entering into of the France Transaction SPA , the expected benefits of the Transactions and the Company's strategic review process, the timing of various steps to be completed in connection with the Transactions, the prospects of the Company's Rest-of-the-World Business following the completion of the Transactions, and other statements that are not historical facts. Often but not always, forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "believe", "estimate", "plan", "could", "should",

"would", "outlook", "forecast", "anticipate", "foresee", "continue" or the negative of these terms or variations of them or similar terminology.

Although the Company believes that the forward-looking statements in this Circular are based on information and assumptions that are reasonable, including assumptions that the Parties will receive, in a timely manner and on satisfactory terms, the necessary Shareholder approval on the France Transaction, these forward-looking statements are by their nature subject to a number of factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking statements, including, without limitation, the following factors, many of which are beyond the Company's control and the effects of which can be difficult to predict: (a) the possibility that the France Transaction will not be completed on the terms and conditions, or on the timing, currently contemplated, and that it may not be completed at all, due to a failure to obtain or satisfy, in a timely manner or otherwise, required Shareholder approval or for other reasons; (b) significant transaction costs or unknown liabilities, (c) the failure to realize the expected benefits of the Transactions; (d) risks related to tax matters; (e) the possibility of adverse reactions or changes in business relationships resulting from the announcement or completion of the Transactions; (f) the possibility of litigation relating to the Transactions; (g) credit, market, currency, operational, liquidity and funding risks generally and relating specifically to the Transactions, including changes in economic conditions, interest rates or tax rates; (h) risks related to diverting management's attention from the Company's ongoing business operations; and (i) other risks inherent to the business carried out by the Company and factors beyond its control which could have a material adverse effect on the Company or its ability to complete the Transactions. If the Transactions are not completed, the Company will need to consider third-party financing for the Asbestos Divestiture Transaction. If the Asbestos Divestiture Transaction is not completed, the Company will remain subject to its asbestos-related liabilities, and could, in the future, face an increase in the provision therefor on its balance sheet, which could potentially, among other things, impact its bank covenants. If the Transactions are not completed, the Company may explore other potential strategic alternatives, but the alternatives may be less favourable to the Company and there can be no assurance that the Company will be able to complete an alternative transaction. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking information prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

The Company cautions that the foregoing lists of factors and assumptions are not exhaustive and other factors could also adversely affect its results. For more information on the risks, uncertainties and assumptions that could cause the Company's actual results to differ from current expectations, please refer to the matters discussed under the "*Risk Factors*" section of this Circular, the "*Risk Factors*" section of the Annual Information Form, as well as the Company's other public filings, available on SEDAR+ at www.sedarplus.ca.

The forward-looking statements contained in this Circular describe the Company's expectations at the date of this Circular and, accordingly, are subject to change after such date. Except as may be required by applicable Securities Laws, the Company does not undertake any obligation to update or revise any forward-looking statements contained in this Circular, whether as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements.

Notice to Shareholders Not Resident in Canada

The Company is a corporation organized under the laws of Canada. The solicitation of proxies and the France Transaction contemplated in this Circular involve securities of a Canadian issuer and is being effected in accordance with Canadian provincial Securities Laws. This Circular has been prepared in accordance with disclosure requirements under Canadian provincial Securities Laws. Shareholders should be aware that disclosure requirements under Canadian provincial Securities Laws may differ from requirements under laws in other jurisdictions.

The enforcement of civil liabilities under the securities laws of jurisdictions outside Canada may be affected adversely by the fact that the Company is organized under the laws of Canada and that most of its directors and executive officers are residents of Canada. You may not be able to sue the Company or

its directors or executive officers in a Canadian court for violations of foreign securities laws. It may be difficult to compel the Company to subject itself to a judgment of a court outside Canada.

Currency

All dollar amounts set forth in this Circular are in U.S. dollars, except where otherwise indicated. On February 18, 2025, the rate published by Bloomberg for the conversion of euros into U.S. dollars was €1.00 = US$1.0446 and of U.S. dollars into euros was US$1.00 = €0.9573.

SUMMARY

The following is a summary of certain information contained in this Circular, including its Appendices. This summary is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Circular, including its Appendices. Certain capitalized terms used in this summary are defined in the Glossary attached to this Circular as Appendix A. Shareholders are urged to read this Circular and its Appendices carefully and in their entirety.

The Meeting

Meeting and Record Dates

The Meeting will be held at 10:00 a.m. (Montréal time) on March 20, 2025 for the purposes set forth in the accompanying Notice of Meeting. To ensure Shareholders will have an equal opportunity to participate in the Meeting regardless of geographic location, the Meeting will be held in a virtual-only format conducted by live audio webcast at https://meetings.lumiconnect.com/400-773-607-630, the password being "velan2025" (case sensitive). The virtual Meeting will be accessible online starting at 9:30 a.m. (Montréal time) on March 20, 2025. See "*Information Concerning the Meeting*". The Board of Directors has fixed February 24, 2025 as the Record Date for determining Shareholders who are entitled to receive notice of and vote at the Meeting.

The Special Resolution

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, the Special Resolution attached as Appendix B to this Circular, which pertains to the approval of the France Transaction. To be effective, the Special Resolution must be approved by not less than two thirds of the votes cast at the Meeting by Shareholders virtually present or represented by proxy and entitled to vote at the Meeting, as approval of the France Transaction is required under subsection 189(3) of the CBCA. While it is required under the CBCA that the Meeting be held, the required Shareholder approval is already effectively secured, as Velan Holding, the Company's controlling shareholder and the sole holder of the Multiple Voting Shares, representing approximately 72% of the total Shares issued and outstanding and of the aggregate voting rights attached to all of the Shares, has entered into a Support and Voting Agreement pursuant to which it has agreed to vote all of its Shares in favour of the Special Resolution. Accordingly, subject to the entering into of the definitive share purchase agreement and the satisfaction of customary closing conditions, the France Transaction will proceed. The approval of the Shareholders is not required for the Asbestos Divestiture Transaction.

Number of Votes

Pursuant to the articles of the Company, as the approval of the France Transaction is required under subsection 189(3) of the CBCA, each Subordinate Voting Share and each Multiple Voting Share entitles the holder thereof to an equal number of votes at the Meeting and, as a result, each Subordinate Voting Share and each Multiple Voting Share entitles the holder thereof to five votes at the Meeting.

Voting at the Meeting

This Circular is being sent to all Shareholders. Only registered Shareholders or the persons they appoint as their proxyholders are permitted to vote at the Meeting. Non-registered Shareholders should follow the instructions on the forms they receive so that their Shares can be voted. No other securityholders of the Company are entitled to vote at the Meeting. See "*Information Concerning the Meeting*".

The Transactions

The France Transaction consists of the proposed sale by the Company's U.K. wholly-owned subsidiary, Velan Valves Limited, of its direct French wholly-owned subsidiaries (being the Company's

indirect wholly-owned subsidiaries), Segault ("**Segault**") and Velan S.A.S. ("**Velan France**" and, collectively with Segault, the "**French Subsidiaries**"), to Framatome SAS ("**Framatome**"), for a purchase price of US$177.6 million (€170 million), with the benefit of the transfer by Velan France of an intercompany loan receivable from the Company of US$23.5 million (€22.5 million), for total consideration to the Company of US$201.1 million (€192.5 million) (the "**France Transaction Proceeds**"). The France Transaction is designed to enhance the value delivered to the Shareholders while taking into account the Company's desire to achieve a definitive resolution of its asbestos-related liabilities. Assuming that the Required Shareholder Approval will be obtained at the Meeting, the closing of the France Transaction is subject to the entering into of the French Transaction SPA and will occur following the completion of customary closing conditions thereunder.

The Asbestos Divestiture Transaction consists of the proposed sale by the Company of its U.S. wholly-owned subsidiaries Velan Valve Corp. ("**Velan U.S.**") and Velan Steam Trap Corporation ("**Velan Steam Trap**") to an affiliate of Global Risk Capital LLC (the "**Asbestos Purchaser**"), at a cost to the Company of US$143 million (subject to certain adjustments). The Asbestos Divestiture Transaction will be achieved in several steps, including by (1) extracting the equity interests of certain non-U.S. subsidiaries from Velan U.S. and Velan Steam Trap, (2) creating a new U.S. subsidiary, Velan Valve United States OpCo, Inc. ("**VVUSO**") to service customers of Velan U.S. on an uninterrupted basis, (3) vesting VVUSO with the current operating assets of Velan U.S., (4) selling Velan U.S. and Velan Steam Trap to the Asbestos Purchaser, which the Company will have capitalized with US$143 million (subject to certain adjustments) and which the Asbestos Purchaser will further capitalize with US$7 million upon closing, for a total of US$150 million (subject to the aforementioned adjustments), and (5) obtaining an indemnity covering the Company's entire corporate group, including its directors and officers, following the Asbestos Divestiture Transaction with respect to the asbestos-related liabilities. The closing of the Asbestos Divestiture Transaction is subject to the availability of financing, which may consist of or include the France Transaction Proceeds, and other customary closing conditions. If the France Transaction is not completed, the Company anticipates seeking alternative financing options for the Asbestos Divestiture Transaction.

This Circular contains a summary of certain provisions of the France Transaction SPA, which summary is qualified in its entirety by the execution version thereof, a copy of which will be available under the Company's profile on SEDAR+ at www.sedarplus.ca as soon as practicable upon the execution thereof. See "*The Transactions – The France Transaction SPA*".

Background to the Transactions

See "*The Transactions – Background to the Transactions*" for a description of the background to the Transactions.

Recommendation of the Special Committee

The Special Committee was created by the Board of Directors on August 14, 2024, to (i) assist the Board of Directors and make recommendations with respect to various strategic alternatives available to the Company, including the France Transaction, and (ii) consider whether each of the strategic alternatives is in the best interests of the Company and fair to the Shareholders.

The Special Committee, having taken into account such matters as it considered relevant and after receiving legal and financial advice, unanimously determined that the France Transaction is in the best interests of the Company and the Shareholders, and unanimously recommended that the Board of Directors approve the France Transaction and recommend that the Shareholders vote **FOR** the Special Resolution.

The Special Committee, with the assistance of financial and legal advisors, carefully reviewed the Transactions and the terms and conditions of the France Transaction SPA, the Asbestos Divestiture SPA and all related agreements and documents. In forming its recommendation to the Board of Directors, the Special Committee considered and relied upon a number of factors, including, without limitation, those listed under "*The Transactions – Reasons for the Transactions*". The Special Committee based its recommendation upon the totality of the information presented to and considered by it in light of the

members of the Special Committee's knowledge of the business, financial condition and prospects of the Company's Rest-of-the-World Business following the completion of the Transactions, and after taking into account the advice and input of management of the Company and its advisors.

Recommendation of the Board of Directors

After careful consideration and taking into account, among other things, the recommendation of the Special Committee, the Board of Directors, after receiving legal and financial advice, has determined that the Transactions are in the best interests of the Company and the Shareholders. Accordingly, the Board of Directors recommends that the Shareholders vote **FOR** the Special Resolution.

In forming its recommendation, the Board of Directors considered and relied upon a number of factors, including, without limitation, the recommendation of the Special Committee and the factors listed below under "*The Transactions – Reasons for the Transactions*". The Board of Directors based its recommendation upon the totality of the information presented to and considered by it in light of the knowledge of the members of the Board of Directors of the business, financial condition and prospects of the Company's Rest-of-the-World Business following the completion of the Transactions, and after taking into account the advice of the Company's financial and legal advisors and the advice and input of management of the Company.

Reasons for the Transactions

The following summary of the information and factors considered by the Special Committee and the Board of Directors is not intended to be exhaustive, but includes a summary of the material information and factors considered in approving the Transactions. In view of the variety of factors and the amount of information considered in connection with the Transactions, the Special Committee and the Board of Directors did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its conclusions and recommendations. Individual members of the Special Committee and the Board of Directors may have assigned different weights to different factors.

- *Extensive and Robust Processes*. In 2024, with the assistance of its financial advisors BMO Capital Markets and Ducera, the Company launched targeted processes for the sale of each of its French Subsidiaries and the divestment of its asbestos liability exposure, engaging with select groups of bidders. See "*The Transactions – Background to the Transactions*".

  The France Transaction represents the best and highest proposal for the French Subsidiaries received by the Company, free of financing or regulatory conditions, and ensures that the French Subsidiaries can be monetized, which is in the best interest of the Company and its Shareholders. BMO Capital Markets recommended to the Board of Directors that it enter into the France Transaction.

  The Asbestos Divestiture Transaction represents the most compelling asbestos divestiture proposal received by the Company, from a financial standpoint and from a deal certainty and structuring standpoint, with an experienced asbestos divestiture partner identified by the Company and its advisors. Ducera, similarly, recommended to the Board of Directors that it enter into the Asbestos Divestiture Transaction.

- *Enhances Shareholder Value.* The France Transaction allows the Company to unlock value and monetize the French Subsidiaries at a compelling value. The all-cash consideration provides the Company with certainty of value and liquidity immediately upon closing of the France Transaction. Furthermore, the Asbestos Divestiture Transaction removes the valuation discount affecting the Company because of the risk associated with its asbestos liabilities.

- *Strengthens the Company's Balance Sheet and its Financial Flexibility.* Proceeds from the France Transaction will fund the Asbestos Divestiture Transaction, strengthening the Company's financial position, removing all asbestos-related liabilities and obligations from the Company's balance sheet and allowing the Company to benefit from an indemnity for all its legacy asbestos liabilities going forward. The Company anticipates using part of the France Transaction Proceeds to divest its asbestos-related liabilities. The Special Committee and the Board of Directors believe that the Transactions will strengthen the Company's balance sheet, maximize its financial flexibility, mitigate the increasing risks associated with its asbestos-related liabilities, and better position the Company to pursue strategic alternatives for the Rest-of-the-World Business The Special Committee and the Board of Directors consider that the timing is right to proceed to the Asbestos Divestiture Transaction, in order to, notably:

    - increase access to capital, considering that the asbestos liabilities currently represent a significant liquidity burden, and restrict access to credit, which limits the ability of the Company to invest in its business and operate to its full potential;

    - improve the Company's valuation, which is currently discounted because of the risk represented by the asbestos liabilities; and

    - put an end to the drag on the Company's profitability and operations represented by the asbestos liability exposure.

    The Asbestos Divestiture Transaction provides a solution to the Company's asbestos liability exposure, and any risks in respect of the Asbestos Purchaser have been mitigated because: (a) the Company chose an experienced purchaser with a meaningful track record in respect of such transactions, (b) the Company has negotiated customary dividend restrictions for a period of 10 years during which time dividends from Velan U.S. cannot be made or are otherwise restricted, (c) the Company has received a solvency opinion from Kroll, LLC ("**Kroll**") in respect of the Asbestos Divestiture Transaction, and (d) the Company has also negotiated an indemnity covering its entire corporate group, including its directors and officers, following the Asbestos Divestiture Transaction.

- *Healthy Post-Transactions Financial Position*. The Company will emerge from the Transactions with a healthy, positive pro-forma net-cash position balance sheet of approximately US$66.6 million, including the net proceeds of the Transactions and, as at November 30, 2024, an executable backlog of US$298.7 million[1], gross margins in the low-30%'s, positive net income and positive cash flow generation – all with a global leading position in the supply of nuclear, defense and convention power valves to capture continued market growth and opportunities.

- *Shareholder Support.* Velan Holding, the Company's controlling shareholder and the sole holder of the Multiple Voting Shares, representing approximately 72% of the total Shares issued and outstanding and of the aggregate voting rights attached to all of the Shares, has entered into the Support and Voting Agreement pursuant to which it has agreed to vote all of its Shares in favour of the Special Resolution.

- *Procedural Safeguards*. The France Transaction was overseen, reviewed, considered and evaluated by the Special Committee, which is comprised solely of independent directors of the Company, and the Board of Directors.

[1] The presentation of backlog is considered to be a non-IFRS measure and does not have any standardized meaning. As a result, the information presented may not be comparable to a similar measure presented by other companies. Refer to pages 6 and 19 of the management's discussion and analysis of the Company for the three and nine-month periods ended November 30, 2024 (the "**Q3 2024 MD&A**") for additional details.

- *Rigorous Arm's Length Negotiations and Oversight*. The definitive documentation in respect of each of the France Transaction and the Asbestos Divestiture Transaction result from robust, arm's length negotiations that were undertaken with the oversight and participation of the Special Committee and the Board of Directors and their financial and legal advisors.

- *Reasonable Likelihood of Completion*. The France Transaction is not subject to any financing nor regulatory conditions and the Special Committee and the Board of Directors believe that the closing conditions are reasonable, and the likelihood of the Transactions being completed is considered to be high.

In the course of their deliberations, the Special Committee and the Board of Directors also identified and considered a variety of risks (as described in greater detail under "*Risk Factors*") and potentially negative factors relating to the Transactions, including the following:

- The France Transaction involves parting with subsidiaries contributing very significantly to the Company's current EBITDA and the future growth of the French Subsidiaries, including in the nuclear and defense sectors.

- The completion of the France Transaction could create additional competition for the Company in the nuclear and defense sectors in providing a platform to Framatome through the French Subsidiaries.

- If the Company does not complete the France Transaction, it will need to consider third-party financing for the Asbestos Divestiture Transaction. If the Asbestos Divestiture does not close, the Company will remain subject to its asbestos-related liabilities and could, in the future, face an increase in the provision therefor on its balance sheet, which could, among other things, potentially impact its bank covenants.

- The Company has dedicated significant resources in the pursuit of the Transactions.

- If the Transactions are not completed, the Company may explore other potential strategic alternatives, but the alternatives may be less favorable to the Company and there can be no assurance that the Company will be able to complete an alternative transaction. Any structural alternative to the Asbestos Divestiture Transaction could be more expensive than the Asbestos Divesture Transaction, and the failure to resolve its asbestos-related liabilities may restrict the Company's ability to complete any other strategic alternative with respect to its Rest-of-the-World Business.

The Special Committee and the Board of Directors' reasons for recommending the France Transaction include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See "*Management Information Circular – Forward-Looking Statements*" and "*Risk Factors*".

The France Transaction SPA

The France Transaction will be carried out pursuant to the France Transaction SPA. At the time this Circular is being mailed to the Shareholders, the France Transaction SPA has been fully negotiated and is attached in final form to the France Transaction MoU; however, it has not yet been executed.

On January 14, 2025, the Company and the Seller entered into the France Transaction MoU with Framatome, pursuant to which the Company and the Seller, on the one hand, and Framatome, on the other hand, agreed to the terms by which, after having informed and consulted the respective employee representative bodies of the French Subsidiaries and Framatome in accordance with French law and, for Framatome only, after having obtained the relevant authorizations from its relevant corporate body(ies)

and/or those of its main shareholder, EDF S.A., they would decide whether or not to enter into the France Transaction SPA.

Under the France Transaction SPA, Framatome will acquire the French Subsidiaries from the Seller, for a purchase price of US$177.6 million (€170 million). The proposed sale is structured as a locked box transaction, with a locked box date of December 1, 2024. As such, the purchase price is final and binding, with no post-closing working capital adjustments, subject only to potential adjustments for leakage. Leakage notably refers to any unauthorized distributions, payments, or transfers of assets from the French Subsidiaries to the Seller or its affiliates between the Locked Box Date and the Closing Date. Permitted leakage includes specific payments and transactions that are allowed under the France Transaction SPA, such as payments under existing intra-group agreements, remuneration under existing employment agreements, and the benefit of the transfer of an intercompany loan of US$23.5 million (€22.5 million). Any leakage identified other than a permitted leakage must be repaid by the Seller to Framatome, reducing the purchase price accordingly.

The France Transaction SPA outlines specific provisions governing the liability of the Parties. Among other things, the France Transaction SPA includes provisions for an insurance policy, which Framatome has subscribed to cover the representations and warranties made by the Seller and the Company under the France Transaction SPA, with costs split and capped at US$261,150 (€250,000) for the Seller. This policy serves as the sole and exclusive remedy for Framatome in case of any inaccuracies in the representations and warranties provided by the Seller and the Company, and includes a stipulation that the insurer will not seek recourse against the Seller or its affiliates, except in cases of willful misrepresentation or fraud. The Seller also provided specific indemnities, capped at US$4.96 million (€4.75 million), related to certain specific matters and certain excluded warranties. The overall liability of the Seller and the Company in connection with the France Transaction SPA is capped at the purchase price, covering breaches of covenants such as no leakage and non-solicit agreements, it being specified that the liability of the Seller and the Company in connection solely with the breach of the non-compete covenant is itself separately capped at the purchase price.

Restrictive covenants include a reciprocal two-year employee non-solicitation obligation and a three-year non-compete obligation imposed to the Company and its affiliates and designed to protect the business interests of the French Subsidiaries post-closing.

A copy of the France Transaction SPA (where some specific clauses will be redacted) will be available under the Company's profile on SEDAR+ at www.sedarplus.ca as soon as practicable upon the execution thereof.

Support and Voting Agreement

Velan Holding, the Company's controlling shareholder and the sole holder of the Multiple Voting Shares, representing approximately 72% of the total Shares issued and outstanding and of the aggregate voting rights attached to all of the Shares, has entered into the Support and Voting Agreement pursuant to which it has agreed to vote all of its Shares in favour of the Special Resolution. See "*The Transactions – Support and Voting Agreement*". With Velan Holding's support, the Required Shareholder Approval is already effectively secured at the time of mailing this Circular.

Interests of Certain Persons in the Transactions

No director or officer of the Company has any interests or derives any benefits in connection with the Transactions, except for certain officers who may be eligible for bonus awards related in part to the France Transaction, contingent upon certain conditions. If such bonus awards are paid, appropriate disclosure will be included in the Company's management information circular for the year in which the awards are paid.

Dissent Rights

Only registered Shareholders may exercise, pursuant to and in the manner set forth in section 190 of the CBCA, their Dissent Rights in connection with the Special Resolution. **Shareholders should carefully read the section in this Circular titled "*Information Concerning the Meeting – Dissent Rights of Shareholders*" if they wish to exercise Dissent Rights and seek their own legal advice as failure to strictly comply with the dissent procedures in section 190 of the CBCA, will result in the loss or unavailability of the right to dissent.**

Certain Tax Consequences to the France Transaction

The France Transaction will be treated for Canadian income tax purposes as a sale of the Company's indirect wholly-owned foreign affiliates in consideration for cash. The France Transaction is not a Shareholder-level action, and the Shareholders, in their capacities as such, are not expected to be subject to Canadian income tax solely as a result of the France Transaction.

The France Transaction is not expected to result in the Company recognizing any taxable income for U.S. federal income tax purposes. The France Transaction is not a Shareholder-level action, and the U.S. and non-U.S. Shareholders, in their capacities as such, are not expected to realize any gain or loss for U.S. federal income tax purposes solely as a result of the France Transaction.

Risk Factors

Shareholders should consider a number of risk factors relating to the Transactions and the Company in evaluating whether to approve the Special Resolution. These risk factors are discussed herein and/or in certain sections of documents publicly filed, which sections are incorporated herein by reference. See "Risk Factors".

* * *

INFORMATION CONCERNING THE MEETING

Purpose of the Meeting

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, the Special Resolution (a copy of which is attached as Appendix B to this Circular), which pertains to the approval of the France Transaction, and such other business as may properly come before the Meeting. With Velan Holding's support, the Required Shareholder Approval is already effectively secured at the time of mailing this Circular. The approval of the Shareholders is not required for the Asbestos Divestiture Transaction. At the time of mailing this Circular, the Board of Directors and management of the Company know of no other matter expected to come before the Meeting, other than the vote on the Special Resolution.

Meeting Information

The Meeting will be held at 10:00 a.m. (Montréal time) on March 20, 2025 for the purposes set forth in the accompanying Notice of Meeting. To ensure Shareholders will have an equal opportunity to participate in the Meeting, regardless of geographic location, the Meeting will be held in a virtual-only format conducted by live audio webcast at https://meetings.lumiconnect.com/400-773-607-630, the password being "velan2025" (case sensitive). The virtual Meeting will be accessible online starting at 9:30 a.m. (Montréal time) on March 20, 2025.

Only Shareholders of record on February 24, 2025 (the "**Record Date**") will be entitled to receive notice of, attend, be heard and vote at the Meeting. No Shareholder who becomes a Shareholder after the Record Date shall be entitled to vote at the Meeting.

Attending the Meeting

The Meeting will be held in a virtual-only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person.

Registered Shareholders and duly appointed and registered proxyholders will be able to virtually attend, participate and vote at the Meeting. Registered Shareholders and duly appointed and registered proxyholders who participate in the Meeting online will be able to listen to the Meeting, ask questions and vote, all in real time, provided they are connected to the Internet and comply with all of the requirements set out below under "*Information Concerning the Meeting – Voting Instructions – Registered Shareholders – Voting at the Virtual Meeting*".

Non-registered Shareholders who have not duly appointed themselves as proxyholders may still virtually attend the Meeting as guests. Guests will be able to listen to the Meeting but will not be able to vote at the Meeting. See "*Information Concerning the Meeting – Voting Instructions – Non-registered Shareholders – Voting at the Virtual Meeting*".

Registered Shareholders, duly appointed and registered proxyholders and guests, including non-registered Shareholders who have not duly appointed themselves as proxyholder, can log in to the Meeting as set out below. Guests can listen to the Meeting but are not able to vote.

- Log in online at https://meetings.lumiconnect.com/400-773-607-630. It is recommended that you log in at least 15 minutes before the Meeting starts.

- Click "Login" and then enter your username (see below) and password "velan2025" (case sensitive).

  OR

- Click “Guest” and then complete the online form.

Registered Shareholders

The 13-digit control number located on the form of proxy or in the email notification you received is your “username” for the purposes of logging in to the Meeting.

Duly Appointed Proxyholders

The Transfer Agent will provide proxyholders with a username by email after the proxyholder has been duly appointed and registered in accordance with the instructions provided in the form of proxy.

If you virtually attend the Meeting, it is important that you are connected to the Internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedures.

Voting Instructions

You can vote your Shares by proxy or at the Meeting. Please follow the instructions below based on whether you are a registered Shareholder or a non-registered Shareholder.

Registered Shareholders

You are a registered Shareholder if you have a share certificate or DRS Advice for Shares and they are registered in your name or if you hold Shares through direct registration. You will find a form of proxy enclosed.

How to Vote

In order for your vote to be counted, your voting instructions must be received by no later than 10:00 a.m. (Montréal time) on March 18, 2025 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed).

You may vote by proxy using one of the following methods:

- by Internet, at www.meeting-vote.com;
- by email, by sending your proxy to proxyvote@tmx.com;
- by telephone, by calling 1-888-489-7352 from a touch tone telephone and referring to your control code provided on the form of proxy delivered to you; or
- by mail, using the envelope accompanying your proxy.

Voting by Proxy

Voting by proxy means you are giving the person or persons named in your form of proxy the authority to virtually attend the Meeting, or any adjournment or postponement thereof, and vote your Shares for you. Please mark your vote, sign, date and follow the return instructions provided in the enclosed form of proxy. By doing this, you are giving the directors or executive officers of the Company who are named in the form of proxy the authority to vote your Shares at the Meeting, or any adjournment or postponement thereof.

You can choose another person to be your proxyholder, including someone who is not a Shareholder. You can do so by following the instructions set out below under "*Information Concerning the Meeting – Appointment of Proxies*".

The Shares represented by any proxy received by management of the Company will be voted for or against the Special Resolution, as the case may be, by the persons named in the enclosed form of proxy in accordance with the direction of the Shareholder appointing them. In the absence of any direction to the contrary, the Shares represented by proxies received by management of the Company will be voted on any ballot FOR the Special Resolution.

Voting at the Virtual Meeting

You do not need to complete or return your form of proxy if you plan to vote at the Meeting. Simply follow the instructions set out under "*Information Concerning the Meeting – Attending the Meeting*" above, to attend the Meeting online and complete a ballot virtually during the Meeting.

Changing your Vote

A registered Shareholder who has submitted a proxy may revoke such proxy by: (a) completing and signing a proxy bearing a later date and depositing it with the Transfer Agent in accordance with the instructions set out above, or (b) depositing an instrument in writing executed by the registered Shareholder or by such Shareholder's personal representative authorized in writing (i) at the office of the Transfer Agent no later than 10:00 a.m. (Montréal time) on March 18, 2025 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed), (ii) with the scrutineers of the Meeting, addressed to the attention of the Chair of the Meeting, prior to the commencement of the Meeting on the day of the Meeting, or where the Meeting has been adjourned or postponed, prior to the commencement of the reconvened or postponed Meeting on the day of such reconvened or postponed Meeting, or (iii) in any other manner permitted by Law. In addition, once a registered Shareholder logs in to the Meeting and accepts the terms and conditions, such registered Shareholder may (but is not obliged to) revoke any and all previously submitted proxies by voting by poll on the matters put forth at the Meeting. If a registered Shareholder attends the Meeting but does not vote by poll, his, her or its previously submitted proxy will remain valid.

The revocation of a proxy does not, however, affect any matter on which a vote has been taken prior to the revocation.

If you have followed the process for attending and voting at the Meeting virtually, voting at the Meeting virtually will revoke your previous proxy.

Non-registered Shareholders

You are a non-registered Shareholder if your Shares are held in the name of an Intermediary (such as a bank, trust company or securities broker) or in the name of a clearing agency (such as CDS). Your voting instruction form contains a 16-digit control number provided to you by Broadridge or a voting instruction form provided by your Intermediary.

Unless you instruct your Intermediary or Broadridge to vote in accordance with their request for voting instructions, they are generally prohibited from voting your Shares, as such Shares should only be voted upon instructions of the non-registered Shareholder. You may vote your Shares at the Meeting virtually or through your Intermediary or the Transfer Agent by following the instructions provided to you by them if you are an Objecting Beneficial Owner or Non-Objecting Beneficial Owner, respectively. Please contact your Intermediary should you wish to vote at the Meeting.

Voting at the Virtual Meeting

Non-registered Shareholders who have not duly appointed themselves as proxyholder will not be able to vote at the Meeting but will be able to participate as a guest. This is because the Company does not have unrestricted access to the names of its non-registered Shareholders. If you virtually attend the Meeting, the Company may have no record of your shareholdings or entitlement to vote, unless your Intermediary has appointed you as proxyholder.

Should a non-registered Shareholder wish to virtually attend and vote at the Meeting (or have another person attend and vote on behalf of the non-registered Shareholder), the non-registered Shareholder should follow the instructions for voting at the Meeting that are provided on the relevant voting instruction form and refer to the instructions set out below under "*Information Concerning the Meeting – Appointment of Proxies*".

How to Vote by Voting Instruction Form

If you are a Non-Objecting Beneficial Owner, and were mailed a voting instruction form by the Transfer Agent, in order for your vote to be counted, your voting instructions must be received by no later than 10:00 a.m. (Montréal time) on March 18, 2025 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed).

You may vote using one of the following methods:

- by Internet, at www.meeting-vote.com;
- by email, by sending your voting instruction form to proxyvote@tmx.com;
- by telephone, by calling 1-888-489-7352 from a touch tone telephone and referring to your control code provided on the form of proxy delivered to you; or
- by mail, using the envelope accompanying your voting instruction form.

If you are a Non-Objecting Beneficial Owner, the Company or the Transfer Agent has sent this Circular and accompanying materials directly to you, and your name and address and information about your holdings of Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding Shares on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

In the case of Objecting Beneficial Owners, applicable regulations in Canada require Intermediaries to seek voting instructions from such Shareholders in advance of the Meeting. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Objecting Beneficial Owners in order to ensure that their Shares are voted at the Meeting. The form of proxy or voting instruction supplied to you by your Intermediary will be similar to the proxy provided to registered Shareholders. However, its purpose is limited to instructing the Intermediary on how to vote your Shares on your behalf. In order for such proxy to be valid, it must be properly executed by the Intermediary holding the Shares and returned to the Transfer Agent by the Intermediary prior to the proxy deposit deadline of 10:00 a.m. (Montréal time) on March 18, 2025 (or no later than 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened meeting if the Meeting is adjourned or postponed).

Most Intermediaries delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable voting instruction form in lieu of a proxy form to Objecting Beneficial Owners and provides appropriate instructions respecting voting of Shares to be represented at the Meeting. For your Shares to be voted, you must follow the instructions on the voting instruction form that is provided

to you. You can complete the voting instruction form by: (i) calling the phone number listed thereon; (ii) mailing the completed voting instruction form in the envelope provided; or (iii) using the Internet at www.proxyvote.com. Objecting Beneficial Owners who have questions about deciding how to vote or who have additional questions about this Circular or the matters described in this Circular, please contact your professional advisors. Additionally, the Company may utilize Broadridge's QuickVote™ service to assist Objecting Beneficial Owners with voting their Shares.

Non-registered Shareholders who receive voting instructions from their Intermediary other than those contained in the voting instruction form sent by Broadridge should carefully follow the instructions provided by their Intermediary to ensure their vote is counted.

Subject to the terms of your voting instruction form, if you do not specify how you want your Shares voted, they will be voted FOR the Special Resolution.

Changing your Vote

If you have already sent your completed voting instruction form to your Intermediary and you change your mind about your voting instructions, or want to vote at the Meeting, contact your Intermediary to find out whether this is possible and what procedure to follow.

Exercise of Discretion by Proxies

If you do not specify on your proxy form how you want a proxyholder appointed by you (other than the management nominees) to vote your Shares, then your proxyholder can vote your Shares as he or she sees fit. Shares represented by properly executed proxies appointing the management nominees of the Company as designated in the proxy will be voted for or against the Special Resolution in accordance with the instructions contained in the proxy**. If a proxy appointing management nominees does not contain voting instructions, the Shares represented by such proxies will be voted FOR the Special Resolution.**

Appointment of Proxies

Shareholders have the right to appoint a person (a "**third-party proxyholder**") other than the management nominees identified in the form of proxy or voting instruction form, as applicable, as proxyholder. The following applies to such Shareholders who wish to appoint a third-party proxyholder, including non-registered Shareholders who wish to appoint themselves as proxyholder to attend and vote at the Meeting.

Shareholders who wish to appoint a third-party proxyholder to attend at the Meeting as their proxyholder and vote their Shares must submit their form of proxy or voting instruction form, as applicable, appointing that person as proxyholder AND register that proxyholder with the Transfer Agent, as described below. Registering your proxyholder is an additional step to be completed AFTER you have submitted your form of proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a username that is required to vote at the Meeting and only being able to attend as a guest.

- **Step 1 – Submit your Form of Proxy or Voting Instruction Form:** To appoint a third-party proxyholder, insert that person's name in the blank space provided in the form of proxy or voting instruction form and follow the instructions for submitting such form of proxy or voting instruction form. This must be completed before registering such proxyholder, which is an additional step to be completed once you have submitted your form of proxy or voting instruction form. If you are a non-registered Shareholder and wish to vote at the Meeting, you must insert your own name in the space provided on the voting instruction form sent to you by your Intermediary, follow all of the applicable instructions provided by your Intermediary AND register yourself as your proxyholder, as described below. By doing so, you are instructing your Intermediary to

appoint you as proxyholder. It is important that you comply with the signature and return instructions provided by your Intermediary.

- **Step 2 – Register your Proxyholder:** To register a third-party proxyholder, Shareholders must visit www.tsxtrust.com/control-number-request by no later than 10:00 a.m. (Montréal time) on March 18, 2025 and provide the Transfer Agent with the required proxyholder contact information so that the Transfer Agent may provide the proxyholder with a username via email. Without a username, proxyholders will not be able to vote at the Meeting but will be able to participate as a guest.

How the Votes are Counted

The Transfer Agent counts and tabulates the votes. It does this independent of the Company to make sure that the votes of individual Shareholders are confidential. The Transfer Agent refers proxy forms to the Company only when:

- it is clear that a Shareholder wants to communicate with management;
- the validity of the form is in question; or
- the law requires it.

Questions and Assistance in Voting

If you have any questions about the information contained in this Circular or require assistance in completing the form of proxy or voting instruction form, please contact Liam Turner, the Company's Vice-President, Legal Services and Compliance and Corporate Secretary, by telephone at 438.817.7738 or by e-mail at liam.turner@velan.com.

Solicitation of Proxies

Whether or not you plan to attend the Meeting, management of the Company, with the support of the Board of Directors, requests that you fill out your proxy or voting instruction form to ensure your votes are cast at the Meeting. **This solicitation of your proxy is made on behalf of management of the Company.**

It is expected that the solicitation of proxies will be made primarily by mail, but proxies may also be solicited personally or by telephone or other electronic means by employees of the Company. The costs of soliciting proxies and printing and mailing this Circular in connection with the Meeting, which are expected to be nominal, will be borne by the Company.

Shareholders Entitled to Vote

Shareholders are entitled to vote at the Meeting either virtually or by proxy. The Board of Directors has fixed the close of business (Montréal time) on February 24, 2025, as the Record Date for determining Shareholders who are entitled to receive notice of and vote at the Meeting. Quorum for the Meeting shall be met if two persons are virtually present, each being a Shareholder entitled to vote thereat or a duly appointed proxy for an absent Shareholder so entitled, and holding or representing the holder or holders of Shares carrying not less than ten percent (10%) of the total number of votes attached to the issued Shares of the Company for the time being enjoying voting rights at the Meeting. Shareholders whose names have been entered in the register of the Company as at the close of business (Montréal time) on the Record Date will be entitled to receive notice of and vote at the Meeting. Shares held through a broker, investment dealer, bank, trust company or other Intermediary, will be voted by the registered holder thereof, in accordance with the instructions given by the non-registered Shareholder to such Intermediary. No other securityholders are entitled to vote at the Meeting other than Shareholders.

Pursuant to the articles of the Company, as approval of the France Transaction is required under subsection 189(3) of the CBCA, each Subordinate Voting Share and each Multiple Voting Share entitles the holder thereof to an equal number of votes at the Meeting and, as a result, each Subordinate Voting Share and each Multiple Voting Share entitles the holder thereof to five votes at the Meeting.

As at the date hereof, the person identified in the table below is the only person who, to the knowledge of the Company, beneficially owns, or exercises control or direction, directly or indirectly, over more than ten percent (10%) of the Multiple Voting Shares:

Name	Number of Multiple Voting Shares	Total Percentage of Outstanding Multiple Voting Shares
Velan Holding Co. Ltd.	15,566,567	100%

As at the date hereof, the person identified in the table below is the only person who, to the knowledge of the Company, beneficially owns, or exercises control or direction, directly or indirectly, over more than ten percent (10%) of the Subordinate Voting Shares:

Name	Number of Subordinate Voting Shares	Total Percentage of Outstanding Subordinate Voting Shares
Kernwood Limited	1,287,200	21.4%

Dissent Rights of Shareholders

A registered Shareholder is entitled to dissent under section 190 of the CBCA and to be paid the fair value of such Shareholder's Shares if such Shareholder duly objects to the Special Resolution before it becomes effective. A brief summary of the provisions of section 190 of the CBCA is set out below. This summary is qualified in its entirety by the provisions of section 190 of the CBCA, the full text of which is set forth in Appendix C to this Circular. It is strongly suggested that any Shareholder wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of the CBCA may result in the forfeiture of such Shareholder's Dissent Right.

A Dissenting Shareholder is required to send a written objection to the Special Resolution to the Company (Attention: Liam Turner by e-mail (liam.turner@velan.com)) prior to the Meeting or any adjournment or postponement thereof. The execution or exercise of a proxy against the Special Resolution, a vote against the Special Resolution or not voting on the Special Resolution does not constitute a written objection for purposes of the right to dissent under section 190 of the CBCA. The exercise of Dissent Rights does not deprive a registered Shareholder of the right to vote at the Meeting. However, a Shareholder is not entitled to exercise Dissent Rights in respect of the Special Resolution if such holder votes any of the Shares held by such holder in favour of the Special Resolution.

Persons who are beneficial owners of Shares registered in the name of an Intermediary who wish to dissent should be aware that only registered Shareholders are entitled to dissent. Accordingly, a beneficial owner of Shares desiring to exercise this right must make arrangements for the Shares beneficially owned by such Shareholder to be registered in the Shareholder's name prior to the time the written objection to the Special Resolution is required to be received by the Company or, alternatively, make arrangements for the registered holder of such Shares to exercise such right to dissent on the Shareholder's behalf. In no circumstances shall the Company, any of its successors or any other person be required to

recognize a person exercising Dissent Rights unless such person is the registered holder of those Shares in respect of which such rights are sought to be exercised.

Within ten (10) days after the Special Resolution is approved by Shareholders, the Company must send to each Dissenting Shareholder a notice that the Special Resolution has been adopted, setting out the rights of the Dissenting Shareholder and the procedures to be followed on exercise of those rights. The Dissenting Shareholder is then required, within twenty (20) days after receipt of such notice (or if such Shareholder does not receive such notice, within twenty (20) days after learning of the adoption of the Special Resolution), to send to the Company a written notice containing the Dissenting Shareholder's name and address, the number of Shares in respect of which the Dissenting Shareholder dissents and a demand for payment of the fair value of such Shares and, within thirty (30) days after sending such written notice, to send to the Company or the Transfer Agent the appropriate share certificate or certificates representing the Shares in respect of which the Dissenting Shareholder has exercised Dissent Rights. A Dissenting Shareholder who fails to send to the Company within the required periods of time the required notices or the certificates representing the Shares in respect of which the Dissenting Shareholder has dissented may forfeit its Dissent Rights.

If the matters provided for in the Special Resolution become effective, then the Company will be required to send, not later than the seventh day after the later of: (a) the Closing Date; or (b) the day the demand for payment is received by the Company, to each Dissenting Shareholder whose demand for payment has been received, a written offer to pay for the Shares of such Dissenting Shareholder in such amount as the directors of the Company consider to be the fair value thereof accompanied by a statement showing how the fair value was determined unless there are reasonable grounds for believing that the Company is, or after the payment would be, unable to pay its liabilities as they become due or the realizable value of the Company's assets would thereby be less than the aggregate of its liabilities. The Company will be required to pay the fair value of such Shares held by a Dissenting Shareholder and to offer and pay the amount to which such holder is entitled. Such payment is to be made, pursuant to section 190 of the CBCA, within ten days after an offer made as described above has been accepted by a Dissenting Shareholder, but any such offer lapses if the Company does not receive an acceptance thereof within thirty (30) days after such offer has been made.

If such offer is not made or accepted within fifty (50) days after the Closing Date, the Company may apply to a court of competent jurisdiction to fix the fair value of such Shares. There is no obligation of the Company to apply to the court. If the Company fails to make such an application, a Dissenting Shareholder has the right to so apply within a further twenty (20) days.

THE TRANSACTIONS

Background to the Transactions

The France Transaction is the result of extensive arm's length negotiations between the Company and the Seller, on the one hand, and Framatome, on the other hand, as well as their respective advisors. The France Transaction was designed to enhance the value delivered to the Shareholders while taking into account the Company's desire to achieve a definitive resolution of its asbestos-related liabilities. The following is a summary of the main events that led to the execution of the France Transaction MoU on January 14, 2025, and certain meetings, negotiations, discussions and actions of the various parties that preceded the public announcement of the France Transaction.

The Board of Directors and senior management of the Company, as part of their ongoing mandate to act in the best interests of the Company, including by strengthening its business, enhancing value for Shareholders and considering the interests of stakeholders, continuously consider and assess the Company's performance, growth prospects, capital requirements, overall corporate strategy and long term strategic plans.

In the context of this ongoing mandate, the Company entered into an arrangement agreement on February 9, 2023 with Flowserve US Inc. ("**Flowserve**") and an affiliate thereof (the "**Arrangement**

Agreement"), pursuant to which Flowserve agreed to acquire all of the Shares of the Company, in an all-cash transaction valuing the equity of the Company at approximately Cdn$281 million, and resulting in consideration for Shareholders of Cdn$13.00 per Share in cash; the whole to be implemented by way of a statutory plan of arrangement (the "**Arrangement**").

The Arrangement was subject to the satisfaction of certain customary closing conditions for a transaction of this nature, including applicable Shareholder and regulatory approvals (in various jurisdictions including France).

On May 5, 2023, the Company held a special meeting where the Shareholders overwhelmingly approved the Arrangement. On May 16, 2023, the Superior Court of Québec issued a final order approving the Arrangement, leaving regulatory approvals, including from the French Ministry of Economy under the French Monetary and Financial Code, as the last condition for completion of the Arrangement, due to the indirect change of control of the French Subsidiaries caused by the Arrangement.

On October 5, 2023, despite diligent efforts to secure this approval, the Company was informed by the French Ministry of Economy that the required approval had not and would not be granted. Consequently, Flowserve terminated the Arrangement Agreement for failure to meet the closing conditions before the outside date provided thereunder, which the parties had already extended twice up to that point.

Following the termination of the Arrangement Agreement, the Board of Directors continued its review of strategic alternatives to create value for Shareholders, bearing in mind certain of the risks facing the Company, including as regards its exposure to asbestos liability in the U.S. The Board of Directors was also mindful, in its review, of potential regulatory challenges and risks in France surrounding any monetization of the French Subsidiaries, individually, or as part of a larger go-private transaction such as the Arrangement.

On April 3, 2024, Davies Ward Phillips & Vineberg LLP ("**Davies**"), Canadian counsel to the Company, on behalf of the Company, engaged Ducera Partners LLC ("**Ducera**") to provide financial advice in connection with its exposure to asbestos liability in the U.S. Shortly after Ducera's engagement, the Company engaged Latham & Watkins LLP ("**Latham**", and collectively with Davies and Ducera, the "**Asbestos Divestiture Advisors**"), as U.S. counsel to the Company to receive additional advice with respect to such liabilities.

In May 2024, the Board of Directors authorized its financial advisor, BMO Capital Markets ("**BMO Capital Markets**"), to commence outreach to potential purchasers for the French Subsidiaries, engaging with a select group of three strategic buyers and seven financial sponsors, which had been identified as parties that could be acceptable owners of the French Subsidiaries to French regulatory authorities.

Between May 10 and June 26, 2024, interested parties to the France Transaction were sent a form of non-disclosure and standstill agreement ("**NDA**") for review and execution prior to receipt of any bid information with respect thereto. Of those potential purchasers solicited, eight executed an NDA. Each party that executed an NDA had access to a Phase 1 preliminary data room which allowed such party to evaluate the opportunity to submit an initial non-binding proposal by no later than June 26, 2024. The Company received multiple Phase 1 bids for the France Transaction.

On or about July 25, 2024, Ducera commenced outreach to potential divestiture counterparties, with the Asbestos Divestiture Advisors negotiating NDAs and facilitating due diligence in respect of the Asbestos Divestiture Transaction pursuant to which the Company would enter into a transaction that would have the effect of divesting the Company's asbestos liabilities. Ducera subsequently commenced outreach to certain potential financing counterparties to explore the possibility of obtaining secured financing to fund the Asbestos Divestiture Transaction.

On August 14, 2024, the Special Committee was created by the Board of Directors to assist the Board of Directors and make recommendations with respect to various strategic alternatives, including the France Transaction. Throughout its mandate of reviewing and assessing the France Transaction, the

Special Committee held formal meetings on ten occasions, and held numerous discussions with the Company's senior management and its legal and financial advisors.

On or around September 16, 2024, certain potential Asbestos Divestiture Transaction bidders submitted non-binding indications of interest.

Between June 26 and September 30, 2024, bidders in the France Transaction were invited to perform additional diligence, meet with management of the French Subsidiaries and submit Phase 2 non-binding proposals by no later than September 30, 2024. The Company received multiple Phase 2 bids in the France Transaction.

On October 9, 2024, at a meeting of the Board of Directors, the Chair of the Special Committee presented to the Board of Directors, on behalf of the Special Committee, (a) a report with respect to the conclusion of Phase 2 of the bid process for the France Transaction, (b) a report with respect to the non-binding indications of interest received in connection with the Asbestos Divestiture Transaction, (c) a recommendation that the Company further engage with two bidders for the France Transaction, one of which being Framatome, and (d) a recommendation that the Company continue the mandate given to Ducera in the selection and vetting of potential counterparties for the Asbestos Divestiture Transaction.

Between October 9 and December 13, 2024, Framatome continued its due diligence on the French Subsidiaries. Senior management of the French Subsidiaries and the Company made themselves regularly available for diligence calls, responding to inquiries as promptly as possible. Discussions and negotiations took place between the Company, Framatome, and their respective advisors, leading to the exchange of several drafts of the memorandum of understanding and the share purchase agreement that would formalize the France Transaction.

Between October 9 and December 6, 2024, the Company, with the support of its advisors, continued to engage with counterparties interested in the Asbestos Divestiture Transaction. During this time period, the Company made further diligence materials available to bidders, facilitated engagement between bidders and key advisors to the Company (including legal defense counsel), provided draft deal documentation, and negotiated refined bids. The Company and its advisors ultimately pursued and negotiated a two-step sign and close alternative with certain bidders, which would allow for the Asbestos Divestiture Transaction to close at the same time as the France Transaction. On December 6, 2024, at a meeting of the Board of Directors, the Board of Directors determined and agreed that Ducera should continue the Phase 2 process.

On October 27, 2024, the Board of Directors and the Special Committee received a letter from Velan Holding to express the support of the Velan Holding board of directors for the Transactions.

Between December 6 and December 20, 2024, the Company, with the support of its advisors, continued to negotiate with a subset of bidders in the Asbestos Divestiture Transaction, which included providing further diligence, negotiating draft share purchase agreements and further negotiating key economic terms. Following a meeting of the Board of Directors on December 20, 2024, exclusivity was granted to the Asbestos Purchaser, with a goal of signing and finalizing the share purchase agreement in January 2025.

Management of the Company met with Framatome's management on December 18, 2024 and again on January 9, 2025, following which the parties agreed to a purchase price of US$177.6 million (€170 million), provided that the intercompany loan of US$23.5 million (€22.5 million) be transferred prior to the Closing Date, and no pre-closing dividend be paid to the Company from the French Subsidiaries cash-on-hand.

On January 13, 2025, the Board of Directors and the Special Committee received confirmation in writing that Velan Holding will execute a support and voting agreement (the "**Support and Voting Agreement**") pursuant to which it will agree to vote all of its Shares in favour of the France Transaction.

On January 14, 2025, the Company and the Seller entered into a memorandum of understanding (the "**France Transaction MoU**") with Framatome, pursuant to which the Company and the Seller, on the one hand, and Framatome, on the other hand, agreed to the terms by which, after having informed and consulted the respective employee representative bodies of the French Subsidiaries and Framatome in accordance with French law and, for Framatome only, after having obtained the relevant authorizations from its relevant corporate body(ies) and/or those of its main shareholder, EDF S.A., they would decide whether or not to enter into a share purchase agreement (the "**France Transaction SPA**"). Under the France Transaction SPA, Framatome will acquire from the Seller, subject to Shareholder approval, all of the share capital and voting rights of the French Subsidiaries (the "**France Transaction**") for a purchase price of US$177.6 million (€170 million), with the benefit of the transfer by Velan France of an intercompany loan receivable from the Company of US$23.5 million (€22.5 million), for total consideration to the Company of US$201.1 million (€192.5 million) (the "**France Transaction Proceeds**"). The Support and Voting Agreement was executed concurrently with the France Transaction MoU.

On January 14, 2025, the Company and Velan U.S. entered into a share purchase agreement (the "**Asbestos Divestiture SPA**") with the Asbestos Purchaser. Pursuant to the Asbestos Divestiture SPA, upon closing, the Company will sell all of the share capital and voting rights of Velan U.S. to the Asbestos Purchaser at a cost of US$150 million (subject to certain adjustments) to be satisfied as follows: (i) US$143 million (subject to certain adjustments) to be funded by the Company and/or its affiliate(s) into Velan U.S., and (ii) US$7 million to be funded by the Asbestos Purchaser upon closing. At the time of sale, Velan U.S. will not have active operations and will primarily be the obligator of and managing its asbestos-related liabilities (and the asbestos liabilities of its wholly-owned subsidiary, Velan Steam Trap) (the "**Asbestos Divestiture Transaction**"). The Company and its affiliates and their respective directors and officers will receive an indemnity from the Asbestos Purchaser and Velan U.S. (following its sale to the Asbestos Purchaser) on account of such asbestos-related liabilities. The closing of the Asbestos Divestiture Transaction is subject to the availability of financing and other customary closing conditions.

A press release announcing the Transactions was issued on January 14, 2025 after the close of markets (Montréal time).

On January 22, 2025, each of Velan France, Segault and Framatome started an information and consultation procedure on the France Transaction with their respective employee representative bodies as required under French law. Each of the employee representative bodies for Velan France and Segault gave its opinion on the France Transaction on February 11, 2025 and February 13, 2025, respectively, following which the Company mailed or caused to be mailed this Circular to the Shareholders in advance of the Meeting.

Recommendation of the Special Committee

The Special Committee was created by the Board of Directors on August 14, 2024, to (i) assist the Board of Directors and make recommendations with respect to various strategic alternatives available to the Company, including the France Transaction, and (ii) consider whether each of the strategic alternatives is in the best interests of the Company and fair to the Shareholders.

The Special Committee, having taken into account such matters as it considered relevant and after receiving legal and financial advice, unanimously determined that the France Transaction is in the best interests of the Company and the Shareholders, and unanimously recommended that the Board of Directors approve the France Transaction and recommend that the Shareholders vote **FOR** the Special Resolution.

The Special Committee, with the assistance of financial and legal advisors, carefully reviewed the Transactions and the terms and conditions of the France Transaction SPA, the Asbestos Divestiture SPA and all related agreements and documents. In forming its recommendation to the Board of Directors, the Special Committee considered and relied upon a number of factors, including, without limitation, those listed under "*The Transactions – Reasons for the Transactions*". The Special Committee based its recommendation upon the totality of the information presented to and considered by it in light of the members of the Special Committee's knowledge of the business, financial condition and prospects of the

Company's Rest-of-the-World Business following the completion of the Transactions, and after taking into account the advice and input of management of the Company and its advisors.

Recommendation of the Board of Directors

After careful consideration and taking into account, among other things, the recommendation of the Special Committee, the Board of Directors, after receiving legal and financial advice, determined that the Transactions are in the best interests of the Company and the Shareholders. Accordingly, the Board of Directors recommends that the Shareholders vote **FOR** the Special Resolution.

In forming its recommendation, the Board of Directors considered and relied upon a number of factors, including, without limitation, the recommendation of the Special Committee and the factors listed below under "*The Transactions – Reasons for the Transactions*". The Board of Directors based its recommendation upon the totality of the information presented to and considered by it in light of the knowledge of the members of the Board of Directors of the business, financial condition and prospects of the Company's Rest-of-the-World Business following the completion of the Transactions, and after taking into account the advice of the Company's financial and legal advisors and the advice and input of management of the Company.

Reasons for the Transactions

The Special Committee, in unanimously recommending that the Board of Directors approve the France Transaction, and the Board of Directors, in determining that the Transactions are in the best interests of the Company and the Shareholders and recommending that the Shareholders vote **FOR** the Special Resolution, considered and relied upon a number of factors, including, among others, the following (which are not listed in any relative order of importance):

- *Extensive and Robust Processes*. In 2024, with the assistance of its financial advisors BMO Capital Markets and Ducera, the Company launched targeted processes for the sale of each of its French Subsidiaries and the divestment of its asbestos liability exposure, engaging with select groups of bidders. See "*The Transactions – Background to the Transactions*".

  The France Transaction represents the best and highest proposal for the French Subsidiaries received by the Company, free of financing or regulatory conditions, and ensures that the French Subsidiaries can be monetized, which is in the best interest of the Company and its Shareholders. BMO Capital Markets recommended to the Board of Directors that it enter into the France Transaction.

  The Asbestos Divestiture Transaction represents the most compelling asbestos divestiture proposal received by the Company, from a financial standpoint and from a deal certainty and structuring standpoint, with an experienced asbestos divestiture partner identified by the Company and its advisors. Ducera, similarly, recommended to the Board of Directors that it enter into the Asbestos Divestiture Transaction.

- *Enhances Shareholder Value.* The France Transaction allows the Company to unlock value and monetize the French Subsidiaries at a compelling value. The all-cash consideration provides the Company with certainty of value and liquidity immediately upon closing of the France Transaction. Furthermore, the Asbestos Divestiture Transaction removes the valuation discount affecting the Company because of the risk associated with its asbestos liabilities.

- *Strengthens the Company's Balance Sheet and its Financial Flexibility.* Proceeds from the France Transaction will fund the Asbestos Divestiture Transaction, strengthening the Company's financial position, removing all asbestos-related liabilities and obligations from the Company's balance sheet and allowing the Company to benefit from an indemnity for all its legacy asbestos liabilities going forward. The Company anticipates using part of the France

Transaction Proceeds to divest its asbestos-related liabilities. The Special Committee and the Board of Directors believe that the Transactions will strengthen the Company's balance sheet, maximize its financial flexibility, mitigate the increasing risks associated with its asbestos-related liabilities, and better position the Company to pursue strategic alternatives for the Rest-of-the-World Business The Special Committee and the Board of Directors consider that the timing is right to proceed to the Asbestos Divestiture Transaction, in order to, notably:

- increase access to capital, considering that the asbestos liabilities currently represent a significant liquidity burden, and restrict access to credit, which limits the ability of the Company to invest in its business and operate to its full potential;

- improve the Company's valuation, which is currently discounted because of the risk represented by the asbestos liabilities; and

- put an end to the drag on the Company's profitability and operations represented by the asbestos liability exposure.

The Asbestos Divestiture Transaction provides a solution to the Company's asbestos liability exposure, and any risks in respect of the Asbestos Purchaser have been mitigated because: (a) the Company chose an experienced purchaser with a meaningful track record in respect of such transactions, (b) the Company has negotiated customary dividend restrictions for a period of 10 years during which time dividends from Velan U.S. cannot be made or are otherwise restricted, (c) the Company has received a solvency opinion from Kroll, LLC ("**Kroll**") in respect of the Asbestos Divestiture Transaction, and (d) the Company has also negotiated an indemnity covering its entire corporate group, including its directors and officers, following the Asbestos Divestiture Transaction.

- *Healthy Post-Transactions Financial Position*. The Company will emerge from the Transactions with a healthy, positive pro-forma net-cash position balance sheet of approximately US$66.6 million, including the net proceeds of the Transactions and, as at November 30, 2024, an executable backlog of US$298.7 million[2], gross margins in the low-30%'s, positive net income and positive cash flow generation – all with a global leading position in the supply of nuclear, defense and convention power valves to capture continued market growth and opportunities.

- *Shareholder Support.* Velan Holding, the Company's controlling shareholder and the sole holder of the Multiple Voting Shares, representing approximately 72% of the total Shares issued and outstanding and of the aggregate voting rights attached to all of the Shares, has entered into the Support and Voting Agreement pursuant to which it has agreed to vote all of its Shares in favour of the Special Resolution.

- *Procedural Safeguards*. The France Transaction was overseen, reviewed, considered and evaluated by the Special Committee, which is comprised solely of independent directors of the Company, and the Board of Directors.

- *Rigorous Arm's Length Negotiations and Oversight*. The definitive documentation in respect of each of the France Transaction and the Asbestos Divestiture Transaction result from robust, arm's length negotiations that were undertaken with the oversight and participation of the Special Committee and the Board of Directors and their financial and legal advisors.

[2] The presentation of backlog is considered to be a non-IFRS measure and does not have any standardized meaning. As a result, the information presented may not be comparable to a similar measure presented by other companies. Refer to pages 6 and 19 of the management's discussion and analysis of the Company for the three and nine-month periods ended November 30, 2024 (the "**Q3 2024 MD&A**") for additional details.

- *Reasonable Likelihood of Completion*. The France Transaction is not subject to any financing nor regulatory conditions and the Special Committee and the Board of Directors believe that the closing conditions are reasonable, and the likelihood of the Transactions being completed is considered to be high.

The Special Committee, in making its unanimous recommendation, and the Board of Directors, in reaching its determination, also considered a number of potential risks and potential negative factors relating to the Transactions, including the following:

- The France Transaction involves parting with subsidiaries contributing very significantly to the Company's current EBITDA and the future growth of the French Subsidiaries, including in the nuclear and defense sectors.

- The completion of the France Transaction could create additional competition for the Company in the nuclear and defense sectors in providing a platform to Framatome through the French Subsidiaries.

- If the Company does not complete the France Transaction, it will need to consider third-party financing for the Asbestos Divestiture Transaction. If the Asbestos Divestiture does not close, the Company will remain subject to its asbestos-related liabilities and could, in the future, face an increase in the provision therefor on its balance sheet, which could, among other things, potentially impact its bank covenants.

- The Company has dedicated significant resources in the pursuit of the Transactions.

- If the Transactions are not completed, the Company may explore other potential strategic alternatives, but the alternatives may be less favorable to the Company and there can be no assurance that the Company will be able to complete an alternative transaction. Any structural alternative to the Asbestos Divestiture Transaction could be more expensive than the Asbestos Divesture Transaction, and the failure to resolve its asbestos-related liabilities may restrict the Company's ability to complete any other strategic alternative with respect to its Rest-of-the-World Business.

The Special Committee and the Board of Directors' reasons for recommending the France Transaction include certain assumptions relating to forward-looking information, and such information and assumptions are subject to various risks. See "*Management Information Circular – Forward-Looking Statements" and "Risk Factors*".

The France Transaction SPA

The France Transaction will be carried out pursuant to the France Transaction SPA. At the time this Circular is being mailed to the Shareholders, the France Transaction SPA has been fully negotiated and is attached in final form to the France Transaction MoU; however, it has not yet been executed.

On January 14, 2025, the Company and the Seller entered into the France Transaction MoU with Framatome, pursuant to which the Company and the Seller, on the one hand, and Framatome, on the other hand, agreed to the terms by which, after having informed and consulted the respective employee representative bodies of the French Subsidiaries and Framatome in accordance with French law and, for Framatome only, after having obtained the relevant authorizations from its relevant corporate body(ies) and/or those of its main shareholder, EDF S.A., they would decide whether or not to enter into the France Transaction SPA.

Under the France Transaction SPA, Framatome will acquire the French Subsidiaries from the Seller, for a purchase price of US$177.6 million (€170 million). The proposed sale is structured as a locked box transaction, with a locked box date of December 1, 2024 (the "**Locked Box Date**"). As such, the

purchase price is final and binding, with no post-closing working capital adjustments, subject only to potential adjustments for leakage. Leakage notably refers to any unauthorized distributions, payments, or transfers of assets from the French Subsidiaries to the Seller or its affiliates between the Locked Box Date and the Closing Date. Permitted leakage includes specific payments and transactions that are allowed under the France Transaction SPA, such as payments under existing intra-group agreements, remuneration under existing employment agreements, certain transaction-related expenses, and the benefit of the transfer of an intercompany loan of US$23.5 million (€22.5 million). Any leakage identified other than a permitted leakage must be repaid by the Seller to Framatome, reducing the purchase price accordingly.

The France Transaction SPA outlines specific provisions governing the liability of the Parties. Among other things, the France Transaction SPA includes provisions for an insurance policy, which Framatome has subscribed to cover the representations and warranties made by the Seller and the Company under the France Transaction SPA, with costs split and capped at US$261,150 (€250,000) for the Seller. This policy serves as the sole and exclusive remedy for Framatome in case of any inaccuracies in the representations and warranties provided by the Seller and the Company, and includes a stipulation that the insurer will not seek recourse against the Seller or its affiliates, except in cases of willful misrepresentation or fraud. The Seller also provided specific indemnities, capped at US$4.96 million (€4.75 million), related to tax and HR matters and certain excluded warranties. The overall liability of the Seller and the Company in connection with the France Transaction SPA is capped at the purchase price, covering breaches of covenants such as no leakage and non-solicit agreements, it being specified that the liability of the Seller and the Company in connection solely with the breach of the non-compete covenant is itself separately capped at the purchase price. The Company is jointly and severally liable for the Seller's obligations under the France Transaction SPA.

Restrictive covenants include a reciprocal two-year employee non-solicitation obligation and a three-year non-compete obligation imposed to the Company and its affiliates and designed to protect the business interests of the French Subsidiaries post-closing.

A copy of the France Transaction SPA will be available under the Company's profile on SEDAR+ at www.sedarplus.ca as soon as practicable upon the execution thereof.

Support and Voting Agreement

The following is a summary of the principal terms of the Support and Voting Agreement. This summary does not purport to be complete.

Velan Holding, the Company's controlling shareholder and the sole holder of the Multiple Voting Shares, representing approximately 72% of the Shares issued and outstanding and of the aggregate voting rights attached to all of the Shares, has entered into the Support and Voting Agreement pursuant to which it has agreed, *inter alia*: to

(a) vote all of its Shares (the "**Subject Shares**") in favour of the Special Resolution;

(b) not grant or agree to grant any proxy, power of attorney or other right to vote the Subject Shares, or enter into any voting agreement, voting trust, vote pooling or other agreement with respect to the right to vote (excluding the Support and Voting Agreement and any amendment thereto), or give consents or approval of any kind with respect to any of the Subject Shares or relinquish or modify its right to exercise control or direction over or to vote any Subject Shares or agree to do any of the foregoing; and

(c) not do indirectly that which it may not do directly by the terms of the Support and Voting Agreement.

The Support and Voting Agreement provides that any representative of Velan Holding that is a director or officer of the Company shall not be limited or restricted in any way whatsoever in the exercise of his fiduciary duties as a director or officer of the Company.

Velan Holding may, upon written notice to the Company, terminate the Support and Voting Agreement if: (i) the Closing Date has not occurred by the Outside Date, to the extent the Outside Date has not otherwise been extended pursuant to the terms of the France Transaction SPA; (ii) the Company is in default of any covenant or condition contained in the Support and Voting Agreement and such default has or may have an adverse effect on the consummation of the transactions contemplated by the France Transaction SPA or the Asbestos Divestiture SPA and such default has not been cured within five Business Days of written notice of such default being given by Velan Holding to the defaulting party; (iii) if, without the prior written consent of Velan Holding, there is (A) a decrease in the amount of, or change in the form of, the aggregate consideration payable by Framatome to the Seller for all of the shares of the French Subsidiaries pursuant to the France Transaction SPA, (B) an increase in the amount of, or change in the form of, the aggregate consideration payable by the Company for the Asbestos Divestiture Transaction under the Asbestos Divestiture SPA, (C) any other amendment or modification to the France Transaction SPA or to the transactions contemplated thereby, or (D) any other amendment or modification to the Asbestos Divestiture SPA or to the transactions contemplated thereby; (iv) any representation or warranty of the Company under the Support and Voting Agreement is at the date of the Support and Voting Agreement or becomes at any time untrue or incorrect in any material respect, if such inaccuracy is reasonably likely to have an adverse effect on the consummation of the transactions contemplated by the France Transaction SPA or the Asbestos Divestiture SPA; (v) the France Transaction MoU or the France Transaction SPA has been terminated in accordance with its terms.

The Company may, upon written notice to Velan Holding, terminate the Support and Voting Agreement if: (i) the Closing Date has not occurred by the Outside Date, to the extent the Outside Date has not otherwise been extended pursuant to the terms of the France Transaction SPA; (ii) Velan Holding is in default of any covenant or condition contained in the Support and Voting Agreement and such default has or may have an adverse effect on the consummation of the transactions contemplated by the France Transaction SPA and such default has not been cured within five Business Days of written notice of such default being given by the Company to Velan Holding; or (iii) the France Transaction MoU or the France Transaction SPA has been terminated in accordance with its terms.

Use of the France Transaction Proceeds

On January 14, 2025, the Company, Velan U.S. and the Asbestos Purchaser entered into the Asbestos Divestiture SPA in connection with the Asbestos Divestiture Transaction, as part of a strategic initiative that would significantly reduce the Company's operating and financial risks as well as strengthen its financial position. Following the closing of the Asbestos Divestiture Transaction, the Company would be virtually debt free, which would allow for greater investments in growth opportunities. Ultimately, the successful conclusion of this initiative would offer a significantly higher value proposition to the Shareholders.

The Asbestos Divestiture Transaction would be achieved in several steps, including by (1) extracting the equity interests of certain non-U.S. subsidiaries from Velan U.S. and Velan Steam Trap, (2) creating VVUSO to service customers of Velan U.S. on an uninterrupted basis, (3) vesting VVUSO with the current operating assets of Velan U.S., (4) selling Velan U.S. and Velan Steam Trap to the Asbestos Purchaser, which the Company will have capitalized with US$143 million (subject to certain adjustments) and which the Asbestos Purchaser will further capitalize with US$7 million upon closing, for a total of US$150 million (subject to the aforementioned adjustments), and (3) obtaining an indemnity covering the Company's entire corporate group, including its directors and officers, following the Asbestos Divestiture Transaction with respect to the asbestos-related liabilities. Following the Asbestos Divestiture Transaction, all asbestos-related liabilities and obligations will be removed from the Company's balance sheet.

The Company plans to fund the Asbestos Divestiture Transaction by using available cash and a portion of the France Transaction Proceeds. The Asbestos Divestiture Transaction is subject to the

availability of financing and other customary closing conditions. If the France Transaction is not completed, the Company anticipates seeking alternative financing options for the Asbestos Divesture Transaction.

A copy of the Asbestos Divestiture SPA is available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Required Shareholder Approval

Shareholders will be asked to consider and, if deemed advisable, approve the Special Resolution and any other related matters at the Meeting. The Special Resolution must be approved by not less than two-thirds of the votes cast at the Meeting by Shareholders virtually present or represented by proxy and entitled to vote at the Meeting (the "**Required Shareholder Approval**"). While it is required under the CBCA that the Meeting be held, the Required Shareholder Approval is already effectively secured, as Velan Holding Co., the Company's controlling shareholder and the sole holder of the Multiple Voting Shares, representing approximately 72% of the total Shares issued and outstanding and of the aggregate voting rights attached to all of the Shares, has entered into the Support and Voting Agreement pursuant to which it has agreed to vote all of its Shares in favour of the Special Resolution. Accordingly, subject to the entering into of the France Transaction SPA and the satisfaction of customary closing conditions, the France Transaction will proceed. The full text of the Special Resolution is attached to this Circular as Appendix B.

The Asbestos Divestiture Transaction does not require Shareholder approval.

Closing of the Transactions

Subject to the satisfaction of customary closing conditions, it is expected that the France Transaction will close not later than two (2) Business Days following the date of the Meeting. The Asbestos Divestiture Transaction will close concurrently with or after the France Transaction.

Effects on the Company if the France Transaction is not Completed

Failure to complete the France Transaction would result in the Company being unable to utilize the France Transaction Proceeds to finance the Asbestos Divestiture Transaction. In this event, the Company would need to either obtain third-party financing to facilitate the Asbestos Divestiture Transaction by July 13, 2025, being the outside date stipulated in the Asbestos Divestiture SPA, or face the possible termination of the Asbestos Divestiture SPA. If third-party financing is secured before July 13, 2025, the Asbestos Divestiture Transaction may still proceed, subject to the satisfaction or waiver of customary closing conditions. The Asbestos Divestiture SPA imposes a ticking fee of 7.5% per annum (estimated currently at approximately US$23,383 per day). This ticking fee requires an upward adjustment to the Company's contribution to the capital of Velan U.S. for each day elapsed between January 8, 2025, and the closing date of the Asbestos Divestiture Transaction, subject to a netting-off of certain costs and settlement payments also made between such dates by the Company.

Failure to complete the Asbestos Divestiture Transaction would result in the Company remaining subject to its asbestos-related liabilities, and the Company could, in the future, face an increase in the provision therefor on its balance sheet, which could potentially impact, among other things, the Company's bank covenants. If the France Transaction is not completed, or if the Company cannot otherwise finance the Asbestos Divestiture Transaction, the Company will be required to pay a termination fee of US$0.5 million to the Asbestos Purchaser.

Although alternative strategies could be explored, these options could be less attractive and potentially more costly compared to the proposed Transactions.

RISK FACTORS

Shareholders should carefully consider the following risks related to the Transactions. These risk factors should be considered in conjunction with the other information included in this Circular, including certain sections of documents publicly filed, which sections are incorporated by reference herein. Additional risks and uncertainties, including those currently unknown to or considered immaterial by the Company, may also adversely affect the Transactions. The following risk factors are not a definitive list of all risk factors associated with the Transactions.

Risk Factors Relating to the Transactions

If the France Transaction is successfully completed, the Company and its Shareholders will part with subsidiaries contributing very significantly to the Company's financial performance and will no longer participate in the future growth of the French Subsidiaries.

The French Subsidiaries are significant contributors to the Company's EBITDA. If the France Transaction is successfully completed, the Company and the Shareholders will relinquish ownership of subsidiaries contributing very significantly to the Company's financial performance, and will no longer have any further ongoing upside in the resources to be produced from or the revenues to be derived from the French Subsidiaries following the Closing Date. This includes any benefits from initiatives already undertaken by the Company and the Seller as of the Closing Date. Any future profits or advantages resulting from current projects or investments in the French Subsidiaries will accrue solely to Framatome.

The completion of the France Transaction could create additional competition for the Company in the nuclear and defense sectors in providing a platform to Framatome through the French Subsidiaries.

Closing the France Transaction could lead to increased competition for the Company in the nuclear and defense sectors, especially in providing a platform to Framatome through the French Subsidiaries.

If the Company does not complete the France Transaction, it will need to explore securing financing to proceed with the Asbestos Divestiture Transaction. If the Asbestos Divestiture Transaction does not close, the Company will remain subject to its asbestos-related liabilities.

If the Company does not complete the France Transaction, the Company will need to explore securing third-party financing for the Asbestos Divestiture Transaction, which it is confident it would secure on acceptable terms and conditions. If the Asbestos Divestiture Transaction does not close, and the Company does not secure third-party financing on acceptable terms and conditions, then the Company will continue to face challenges and uncertainties with respect its asbestos-related liabilities, and could, in the future, face an increase in the provision therefor on its balance sheet, which could potentially impact, among other things, the Company's bank covenants.

The Company has dedicated significant resources to pursuing the France Transaction and while the France Transaction is pending, the Company is restricted from taking certain actions.

Under the France Transaction SPA, the Company will be subject to customary interim operating covenants and will be required to generally conduct its business in the ordinary course. Before the completion of the France Transaction or termination of the France Transaction SPA, the Company is restricted from taking certain specified actions without the consent of Framatome (such consent not to be unreasonably withheld, conditioned or delayed). If the France Transaction is not completed for any reason, the dedication of the Company's resources to the completion thereof and the restrictions that will be imposed on the Company under the France Transaction SPA may have an adverse effect on the current or future operations, financial condition and prospects of the Company.

Failure to complete the France Transaction may cause the market price for Subordinate Voting Shares to decline.

If the France Transaction is not completed for any reason, the market price of the Subordinate Voting Shares may decline due to various potential consequences, including: (i) the Company may not be able to sell the shares of the French Subsidiaries to another party on terms as favourable to the Company as the terms of the France Transaction SPA; (ii) the failure to complete the France Transaction may create substantial doubt as to the Company's ability to effectively implement its current business strategies; and (iii) the costs related to the France Transaction, such as legal and accounting fees, must be paid even if the France Transaction is not completed.

If the France Transaction is not completed, the Company may explore other potential transactions, but the alternatives may be less favourable to the Company and the Shareholders and there can be no assurance that the Company will be able to complete alternative transactions.

If the France Transaction is not completed, the Company may explore other potential transactions, However, the terms of these alternatives may be less favourable than those of the Transactions, and there is no guarantee that an agreement can be reached or that such transactions can be completed. As a result, any structural alternative to the Asbestos Divestiture Transaction may be more expensive than the Asbestos Divesture Transaction and the failure to complete same may restrict the Company's ability to complete any other strategic alternative with respect to its Rest-of-the-World Business.

Risk Factors Related to the Business of the Company

Whether or not the France Transaction is completed, the Company will continue to face many of the risks that it currently faces with respect to its business and affairs. A description of the risk factors (incorporated by reference into this Circular) applicable to the Company is contained under the heading "*Risk Factors*" in the Annual Information Form and in the Company's other filings with Securities Authorities.

INFORMATION CONCERNING THE COMPANY

General

Founded in Montréal in 1950, the Company is one of the world's leading manufacturers of industrial valves. The Company is a family-controlled public company, employing approximately 1,650 people with manufacturing facilities in nine countries. The registered and principal office of the Company is located at 7007 Côte-de-Liesse Road, Saint-Laurent, Québec, H4T 1G2.

Description of Share Capital

The authorized capital of the Company consists of an unlimited number of Preferred Shares issuable in series, an unlimited number of Multiple Voting Shares and an unlimited number of Subordinate Voting Shares, all without nominal or par value. As of the Record Date, there were (i) no Preferred Shares issued and outstanding; (ii) 15,566,567 Multiple Voting Shares issued and outstanding; and (iii) 6,019,068 Subordinate Voting Shares issued and outstanding. Subject to certain exceptions set forth in the articles of the Company, the Subordinate Voting Shares carry one vote per Subordinate Voting Share and the Multiple Voting Shares carry five votes per Multiple Voting Share for all matters coming before Shareholders at meetings of Shareholders. Pursuant to the articles of the Company, as approval of the France Transaction is required under subsection 189(3) of the CBCA, the Subordinate Voting Shares and the Multiple Voting Shares carry an equal number of votes at the Meeting and, as a result, the Subordinate Voting Shares and the Multiple Voting Shares carry five votes per Share at the Meeting. Only Shareholders of record as at the Record Date will be entitled to vote at the Meeting.

Material Changes in the Affairs of the Company

To the knowledge of the directors and executive officers of the Company and except as publicly disclosed or otherwise described in this Circular, there are no plans or proposals for material changes in the affairs of the Company.

Dividend Policy

The Company has historically paid quarterly dividends if, as and when declared by its Board of Directors, at the end of each quarter based on, among other things, the performance of the previous quarter. However, in July 2023, the Company suspended its quarterly dividend, a decision that has since been reassessed on a quarterly basis. On January 14, 2025, the Board of Directors declared a dividend of Cdn$0.03 per Share payable on February 28, 2025, to Shareholders of record as at February 14, 2025. Given the improved financial performance of the Company, the Board of Directors believes it is appropriate to reinstate the dividend payment and plans to review its dividend policy following the closing of the Transactions.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

The France Transaction will be treated for Canadian income tax purposes as a sale of the Company's indirect wholly-owned foreign affiliates in consideration for cash. The France Transaction is not a Shareholder-level action, and the Shareholders, in their capacities as such, are not expected to be subject to Canadian income tax solely as a result of the France Transaction.

The France Transaction is not expected to result in the Company recognizing any taxable income for U.S. federal income tax purposes. The France Transaction is not a Shareholder-level action, and the U.S. and non-U.S. Shareholders, in their capacities as such, are not expected to realize any gain or loss for U.S. federal income tax purposes solely as a result of the France Transaction.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Circular, to the knowledge of the directors or executive officers of the Company, as at the date of this Circular, there is no person or company who beneficially owns, or controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all Shares, or any associate or affiliate of any of the foregoing, having any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or any proposed transaction, which has materially affected or would materially affect the Company or any of its subsidiaries.

AUDITOR

The Company's auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants, Montréal, Québec.

OTHER INFORMATION AND MATTERS

There is no information or matter not disclosed in this Circular but known to the Company that would be reasonably expected to affect the decision of Shareholders to vote for or against the Special Resolution.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca and on the Company's website at www.velan.com. Information on the Company's website is not incorporated by reference in this Circular. Financial information is contained in the Company's consolidated financial

statements and Management's Discussion and Analysis for the Company's most recently completed financial year.

In addition, copies of the Annual Information Form, financial statements, including the most recently available interim financial statements, as applicable, and Management's Discussion and Analysis as well as this Circular, all as filed on SEDAR+, may be obtained by any person (without charge in the case of a Shareholder) upon request to Rishi Sharma at 7007, Côte-de-Liesse Road, Montréal, Québec, H4T 1G2, (tel.: 1-438-817-4430) or by e-mail (rishi.sharma@velan.com). The Company may require the payment of a reasonable charge if the request is made by a person who is not a Shareholder.

DIRECTORS' APPROVAL

The contents of this Circular and its sending to Shareholders have been approved by the Board of Directors.

DATED as of this 19th day of February, 2025.

BY ORDER OF THE BOARD OF DIRECTORS OF VELAN INC.

(signed) "*James A. Mannebach*"

James A. Mannebach
Chairman of the Board of Directors

APPENDIX A
GLOSSARY

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Circular.

"**Annual Information Form**" means the annual information form of the Company dated May 16, 2024.

"**Arrangement**" has the meaning ascribed to it under "*The Transactions – Background to the Transactions*".

"**Arrangement Agreement**" means the arrangement agreement made as of February 9, 2023 among the Company, 14714750 Canada Inc. and Flowserve, as amended by the amendment #1 to the arrangement agreement dated March 27, 2023, and as terminated on October 7, 2023.

"**Asbestos Divestiture SPA**" means the share purchase agreement made as of January 14, 2025 among the Company, Velan U.S. and the Asbestos Purchaser.

"**Asbestos Divestiture Transaction**" the proposed sale by the Company to the Asbestos Purchaser of Velan U.S. and Velan Steam Trap, the whole in accordance with the Asbestos Divestiture SPA and as more fully described under "*The Transactions – Background to the Transactions*".

"**Asbestos Purchaser**" means Velvet Acquisition Company LLC, an affiliate of Global Risk Capital LLC.

"**BMO Capital Markets**" means BMO Nesbitt Burns Inc.

"**Board of Directors**" means the board of directors of the Company as constituted from time to time.

"**Broadridge**" means Broadridge Financial Solutions Inc.

"**Business Days**" means any day, other than (i) a Saturday, Sunday or statutory holiday in the Province of Québec, and (ii) a day on which banks are generally closed in Montréal, Québec, or in Paris, France.

"**CBCA**" means the *Canada Business Corporations Act*, as amended.

"**CDS**" means CDS Clearing and Depositary Services Inc.

"**Circular**" means this management information circular of the Company dated February 19, 2025, together with all appendices thereto, distributed to Shareholders in connection with the Meeting.

"**Closing Date**" means the date on which the France Transaction is consummated, as contemplated by the France Transaction SPA.

"**Company**" means Velan Inc. and any successors thereto.

"**Davies**" means Davies Ward Phillips & Vineberg LLP.

"**Dissent Rights**" means the dissent rights of registered Shareholders in connection with the France Transaction pursuant to section 190 of the CBCA.

"**Dissenting Shareholder**" means a registered Shareholder who has validly exercised its Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such registered Shareholder.

"**DRS Advice**" means a direct registration system advice or similar document evidencing the electronic registration of ownership of Shares.

"**Ducera**" means Ducera Partners LLC.

"**EBITDA**" means Earnings Before Interest, Taxes, Depreciation, and Amortization.

"**FCR**" has the meaning ascribed to it under "*The Transactions – Background to the Transactions*".

"**Flowserve**" means Flowserve US Inc.

"**forward-looking statements**" has the meaning ascribed to it under "*Management Information Circular – Forward-Looking Statements*".

"**Framatome**" means Framatome SAS.

"**France Transaction**" the proposed sale by the Seller to Framatome of the French Subsidiaries, the whole in accordance with the France Transaction SPA and as more fully described under "*The Transactions – Background to the Transactions*".

"**France Transaction MoU**" means the memorandum of understanding made as of January 14, 2025 among the Company and the Seller, on the one hand, and Framatome, on the other hand.

"**France Transaction Proceeds**" has the meaning ascribed to it under "*The Transactions – Background to the Transactions*".

"**France Transaction SPA**" means the share purchase agreement to be made among the Company and the Seller, on the one hand, and Framatome, on the other hand.

"**French Subsidiaries**" means Segault and Velan France, collectively.

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, ministry, cabinet, governor in council, agency or instrumentality, domestic or foreign, (ii) any subdivision, agent, authority or representative of any of the foregoing, (iii) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any Securities Authority or stock exchange, including the TSX.

"**Intermediary**" means a broker, investment dealer, bank, trust company or other intermediary.

"**Kroll**" means Kroll, LLC.

"**Latham**" means Latham & Watkins LLP.

"**Law**" means, with respect to any person, any and all applicable national, federal, provincial, state, municipal or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, notice, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise in the France Transaction SPA.

"**Locked Box Date**" has the meaning ascribed to it under "*The Transactions – The France Transaction SPA*".

"**Meeting**" means the special meeting of Shareholders to be held on March 20, 2025 and any adjournment or postponement thereof.

"**Multiple Voting Shares**" means the multiple voting shares in the capital of the Company.

"**NDA**" has the meaning ascribed to it under "*The Transactions – Background to the Transactions*".

"**Non-Objecting Beneficial Owner**" means a non-registered Shareholder designated as a non-objecting beneficial owner.

"**Notice of Meeting**" means the notice of the Meeting, accompanying this Circular.

"**Objecting Beneficial Owner**" means a non-registered Shareholder designated as an objecting beneficial owner.

"**Outside Date**" means September 30, 2025.

"**Party**" means, individually, the Company, the Seller and Framatome, and collectively, the "**Parties**".

"**person**" means any person and includes any individual, partnership, association, body corporate, trust, organization, estate, trustee, executor, administrator, legal representative, government (including any Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Preferred Shares**" means the preferred shares in the capital of the Company.

"**Record Date**" means February 24, 2025.

"**Required Shareholder Approval**" has the meaning ascribed to it under "*The Transactions – Required Shareholder Approval".*

"**Rest-of-the-World Business**" means the Company's business as a company in the nuclear valve markets in North America and the rest of the world, other than France, and globally in the traditional energy and other demanding application markets.

"**Securities Authorities**" means the *Autorité des marchés financiers* and any other applicable securities commissions or securities regulatory authority of a province or territory of Canada.

"**Securities Laws**" means the *Securities Act* (Québec) and any other applicable Canadian provincial securities laws, rules and regulations and published policies thereunder.

"**SEDAR+**" means the System for Electronic Document Analysis and Retrieval + maintained on behalf of the Securities Authorities.

"**Segault**" means Segault.

"**Seller**" means Velan Valves Limited.

"**Shareholders**" means the holders of the Shares.

"**Shares**" means, collectively, the Subordinate Voting Shares and the Multiple Voting Shares.

"**Special Committee**" means the special committee consisting of independent members of the Board of Directors formed in connection with the France Transaction and the other transactions contemplated by the France Transaction SPA.

"**Special Resolution**" means the special resolution approving the France Transaction to be considered at the Meeting, attached as Appendix B to this Circular.

"**Subject Shares**" has the meaning ascribed to it under "*The Transactions – Support and Voting Agreement".*

"**Subordinate Voting Shares**" means the subordinate voting shares in the capital of the Company.

"**Support and Voting Agreement**" means the support and voting agreement made as of January 14, 2025, between the Company and Velan Holding.

"**third party proxyholder**" has the meaning ascribed to it under "*Information Concerning the Meeting – Appointment of Proxies*".

"**Transactions**" means, collectively, the France Transaction and the Asbestos Divestiture Transaction.

"**Transfer Agent**" means TSX Trust Company.

"**TSX**" means the Toronto Stock Exchange.

"**Velan France**" means Velan S.A.S.

"**Velan Holding**" means Velan Holding Co. Ltd.

"**Velan Steam Trap**" has the meaning ascribed to it under "*The Transactions*".

"**Velan U.S.**" means Velan Valve Corp.

"**VVUSO**" has the meaning ascribed to it under "*The Transactions*".

APPENDIX B
SPECIAL RESOLUTION

IT IS RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the sale by Velan Valves Limited (the "**Seller**"), a wholly-owned subsidiary of Velan Inc. (the "**Company**"), to Framatome, of all of its shares in the capital of Segault and Velan S.A.S. (the "**France Transaction**"), be and is hereby approved;

2. any officer or director of the Company be and is hereby authorized, empowered and instructed, acting for, in the name and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such other documents and to do or to cause to be done all such other acts and things as, in such person's opinion, may be necessary or desirable in order to carry out the France Transaction, such determination to be conclusively evidenced by the execution and delivery of such other document or the doing of such act or thing; and

3. notwithstanding the foregoing, the directors of the Company may, without further approval of the shareholders of the Company, revoke this special resolution at any time.

APPENDIX C
SECTION 190 OF THE CBCA

Right to dissent

190 (1) Subject to sections 191 and 241, a holder of shares of any class of a corporation may dissent if the corporation is subject to an order under paragraph 192(4)(d) that affects the holder or if the corporation resolves to

(a) amend its articles under Section 173 or 174 to add, change or remove any provisions restricting or constraining the issue, transfer or ownership of shares of that class;

(b) amend its articles under Section 173 to add, change or remove any restriction on the business or businesses that the corporation may carry on;

(c) amalgamate otherwise than under Section 184;

(d) be continued under Section 188;

(e) sell, lease or exchange all or substantially all its property under Subsection 189(3); or

(f) carry out a going-private transaction or a squeeze-out transaction.

Further right

(2) A holder of shares of any class or series of shares entitled to vote under Section 176 may dissent if the corporation resolves to amend its articles in a manner described in that section.

If one class of shares

(2.1) The right to dissent described in Subsection (2) applies even if there is only one class of shares.

Payment for shares

(3) In addition to any other right the shareholder may have, but subject to Subsection (26), a shareholder who complies with this Section is entitled, when the action approved by the resolution from which the shareholder dissents or an order made under Subsection 192(4) becomes effective, to be paid by the corporation the fair value of the shares in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted or the order was made.

No partial dissent

(4) A dissenting shareholder may only claim under this Section with respect to all the shares of a class held on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(5) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in Subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting and of their right to dissent.

Notice of resolution

(6) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in Subsection (5) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn their objection.

Demand for payment

(7) A dissenting shareholder shall, within twenty days after receiving a notice under Subsection (6) or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing

(a) the shareholder's name and address;

(b) the number and class of shares in respect of which the shareholder dissents; and

(c) a demand for payment of the fair value of such shares.

Share certificate

(8) A dissenting shareholder shall, within thirty days after sending a notice under Subsection (7), send the certificates representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Forfeiture

(9) A dissenting shareholder who fails to comply with Subsection (8) has no right to make a claim under this section.

Endorsing certificate

(10) A corporation or its transfer agent shall endorse on any share certificate received under Subsection (8) a notice that the holder is a dissenting shareholder under this Section and shall forthwith return the share certificates to the dissenting shareholder.

Suspension of rights

(11) On sending a notice under Subsection (7), a dissenting shareholder ceases to have any rights as a shareholder other than to be paid the fair value of their shares as determined under this Section except where

(a) the shareholder withdraws that notice before the corporation makes an offer under Subsection (12),

(b) the corporation fails to make an offer in accordance with Subsection (12) and the shareholder withdraws the notice, or

(c) the directors revoke a resolution to amend the articles under Subsection 173(2) or 174(5), terminate an amalgamation agreement under Subsection 183(6) or an application for continuance under Subsection 188(6), or abandon a sale, lease or exchange under Subsection 189(9), in which case the shareholder's rights are reinstated as of the date the notice was sent.

Offer to pay

(12) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in Subsection (7), send to each dissenting shareholder who has sent such notice

(a) a written offer to pay for their shares in an amount considered by the directors of the corporation to be the fair value, accompanied by a statement showing how the fair value was determined; or

(b) if Subsection (26) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Same terms

(13) Every offer made under Subsection (12) for shares of the same class or series shall be on the same terms.

Payment

(14) Subject to Subsection (26), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under Subsection (12) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Corporation may apply to court

(15) Where a corporation fails to make an offer under Subsection (12), or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as a court may allow, apply to a court to fix a fair value for the shares of any dissenting shareholder.

Shareholder application to court

(16) If a corporation fails to apply to a court under Subsection (15), a dissenting shareholder may apply to a court for the same purpose within a further period of twenty days or within such further period as a court may allow.

Venue

(17) An application under Subsection (15) or (16) shall be made to a court having jurisdiction in the place where the corporation has its registered office or in the province where the dissenting shareholder resides if the corporation carries on business in that province.

No security for costs

(18) A dissenting shareholder is not required to give security for costs in an application made under Subsection (15) or (16).

Parties

(19) On an application to a court under Subsection (15) or (16),

(a) all dissenting shareholders whose shares have not been purchased by the corporation shall be joined as parties and are bound by the decision of the court; and

(b) the corporation shall notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to appear and be heard in person or by counsel.

Powers of court

(20) On an application to a court under Subsection (15) or (16), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall then fix a fair value for the shares of all dissenting shareholders.

Appraisers

(21) A court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(22) The final order of a court shall be rendered against the corporation in favour of each dissenting shareholder and for the amount of the shares as fixed by the court.

Interest

(23) A court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Notice that Subsection (26) applies

(24) If Subsection (26) applies, the corporation shall, within ten days after the pronouncement of an order under Subsection (22), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Effect where Subsection (26) applies

(25) If Subsection (26) applies, a dissenting shareholder, by written notice delivered to the corporation within thirty days after receiving a notice under Subsection (24), may

(a) withdraw their notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to their full rights as a shareholder; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Limitation

(26) A corporation shall not make a payment to a dissenting shareholder under this Section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.