VELAN

Q4 and FY 2025 Investor Presentation

May 22, 2025

Disclaimer

The following investor presentation provides an analysis of the consolidated operating results and financial position of Velan Inc. ("the Company") for the quarter and fiscal year ended February 28, 2025. This investor presentation should be read in conjunction with the Company's audited consolidated financial statements for the years ended February 28, 2025, and February 29, 2024. The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). The significant accounting policies upon which these consolidated financial statements have been prepared are detailed in Note 2 of the Company's audited consolidated financial statements. All foreign currency transactions, balances and overseas operations have been converted to U.S. dollars, the Company's reporting currency. This investor presentation was reviewed by the Board of Directors of the Company on May 21, 2025. Additional information relating to the Company, including the Annual Information Form and Proxy Information Circular, can be found on SEDAR+ at **www.sedarplus.ca**.

NON-IFRS AND SUPPLEMENTARY FINANCIAL MEASURES

In this investor presentation, the Company has presented measures of performance or financial condition which are not defined under IFRS ("non-IFRS measures") 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 this presentation. The Company has also presented supplementary financial measures which are defined at the end of this presentation.

FORWARD-LOOKING INFORMATION

This investor presentation may include forward-looking statements, which generally contain words like "should", "believe", "anticipate", "plan", "may", "will", "expect", "intend", "continue" or "estimate" or the negatives of these terms or variations of them or similar expressions, all of which are subject to risks and uncertainties. These risks and uncertainties are disclosed in the Company's filings with the appropriate securities commissions. While these statements are based on management's assumptions regarding historical trends, current conditions and expected future developments, as well as other factors that it believes are reasonable and appropriate in the circumstances, no forward-looking statement can be guaranteed, and actual future results may differ materially from those expressed herein. The Company disclaims any intention or obligation to update or revise any forward-looking statements contained herein whether as a result of new information, future events or otherwise, except as required by the applicable securities laws. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

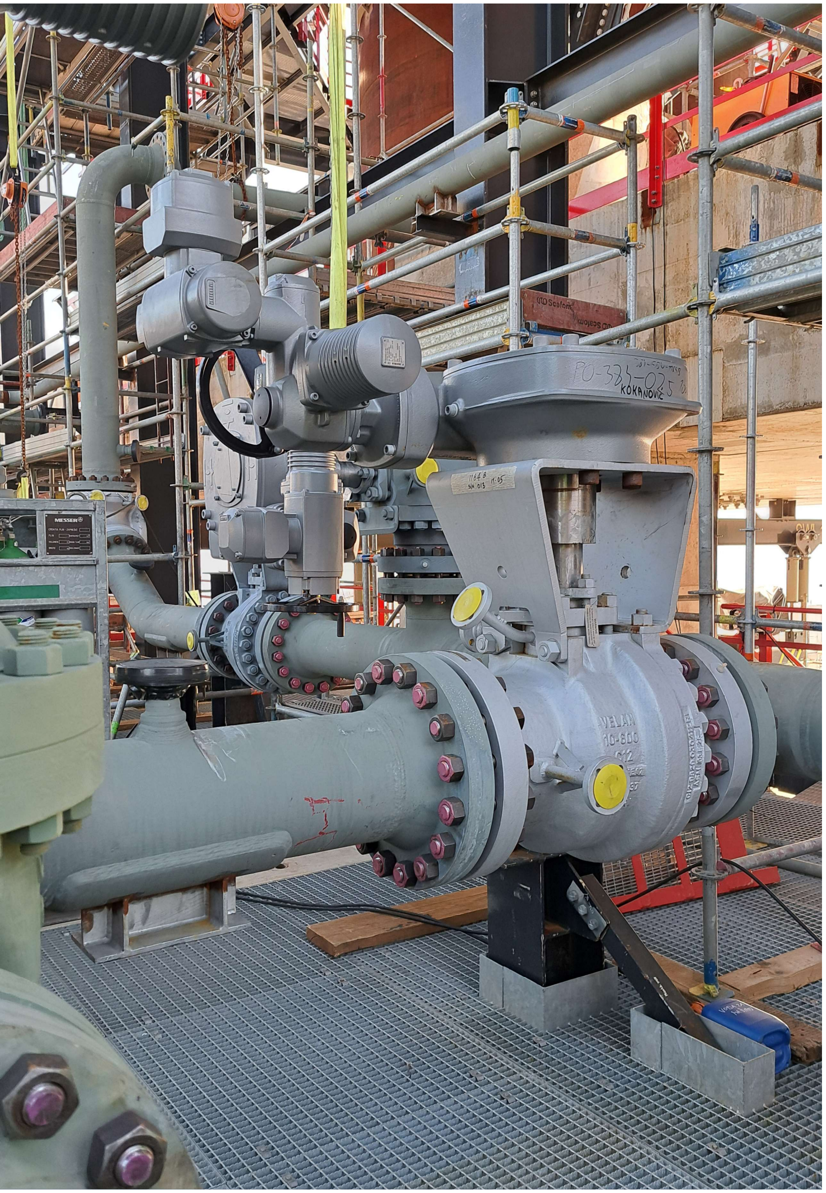
James A. Mannebach

Chairman of the Board and CEO

Fiscal 2025 – A Vintage Year

- **Strong financial performance**
  - Sales from continuing operations grew 14.1% to $295.2M
  - Gross profit margin improved 770 basis points to 28.8%
  - Adjusted EBITDA[1] of $27.5M, up significantly from $2.1M in 2024
  - Cash flows from operating activities more than doubled to $26.5M
- **Key operating highlights**
  - Closed sale of two French subsidiaries (post year-end)
    - Expected gain of approximately $96 million in Q1-FY26
  - Completed divestiture of asbestos-related liabilities (post year-end)
  - Emerged from transactions with sharper focus and strengthened balance sheet
  - Net proceeds raised cash position to approximately $55M on a pro forma basis
  - Announced special dividend of C$0.30 per share

[1] Non-IFRS measure – see Non-IFRS and Supplementary Financial Measures in the Appendix of this presentation.



Fourth Quarter Results

- **Sales increased 2.9% year-over-year to $83.2M**
  - Amid volatile economic environment and uncertain trade disruptions looming over customers
- **Adjusted EBITDA[1] decreased to $3.6M**
  - Lower gross profit
  - Higher administration costs

[1] Non-IFRS measure – see Non-IFRS and Supplementary Financial Measures in the Appendix of this presentation.

High-Growth Markets

- **Nuclear sector brimming with new opportunities**
  - Technology companies rolling out AI centres
    - Joining forces with established energy providers and start-ups to deploy SMRs
    - Recommissioning of existing infrastructures
  - We recently signed partnerships with key actors in the nuclear industry
  - Our know-how spans SMRs and standard reactors
  - Large installed base of valves at existing reactors holds promise for life-extension projects and MRO activity
- **Velan is a key player in the surging nuclear market**
  - May alter backlog profile with larger proportion of orders delivered over extended period
  - Sheer size of deals and higher margins should benefit overall business

High-Growth Markets (continued)

- **Increased spending worldwide in defense market**
  - Sovereign states addressing national security concerns
  - Our deep knowledge of nuclear marine and aircraft propulsion technologies remains unmatched
- **LNG and hydrogen processes safeguarding the environment**
  - Velan offers technically advanced product line for applications involving extreme temperatures
- **Oil & gas industry seeking lower emissions and better safety**
  - Velan boasts 90% penetration at North American refineries and expanding presence overseas
  - Recently established joint venture in Saudi Arabia to strengthen presence in Middle East (largest market for oilfield valves)
- **Robust mining activity in Southeast Asia, Australia and South America**
  - Strong potential for our titanium valves

Summary

- **Outstanding performance in FY 2025**
- **Well-positioned to benefit from increased demand for clean energy, particularly nuclear**
  - Firmly entrenched in other industrial sectors
- **Entering FY 2026 with a sharper focus and improved balance sheet**
- **Created significant shareholder value in FY 2025**
  - Strong results
  - Sale of French subsidiaries
  - Divestiture of asbestos-related liabilities
- **Highly optimistic about unlocking further value through continued strong execution**

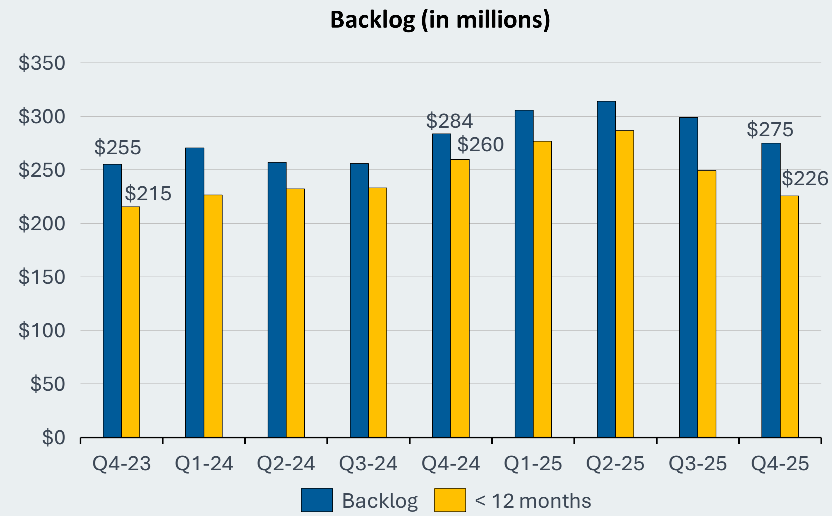
Rishi Sharma

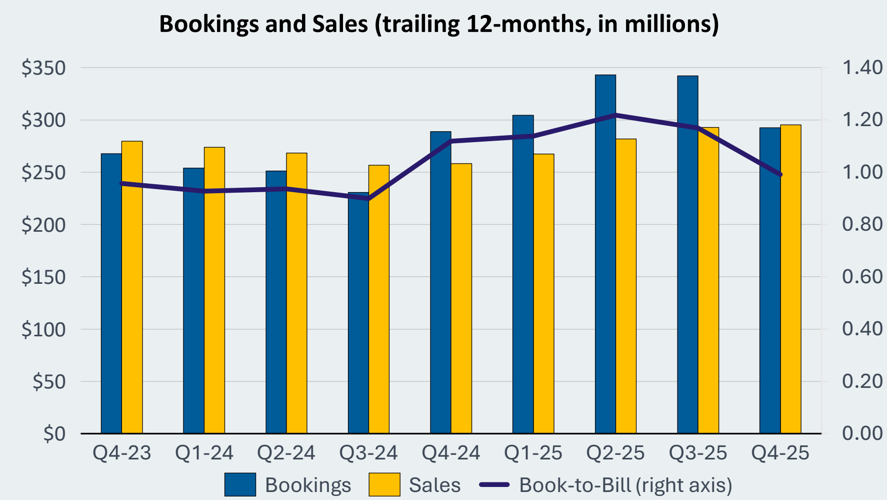
Chief Financial and Administrative Officer

Backlog[1] and Orders

- **Backlog of $274.9M as at February 28, 2025**
  - Slight Y/Y increase excluding $12.7M negative currency impact
    - Higher nuclear orders in North America, partially offset by lower oil & gas orders in Italy
  - $225.7M deliverable within next 12 months
- **Bookings[1] of $292.5M in FY-25, up from $288.7M in FY-24**
  - Strong first-half nuclear and MRO orders in N.A.
  - Higher oil and gas bookings from German operations
- **Bookings of $62.0M in Q4-25, versus $111.7M in Q4-24**
  - Italian operations orders affected by project delays this year and strong oil and gas orders last year
  - Lower bookings in North America
  - Partially offset by increased orders from China

[1] *Non-IFRS measure – see Non-IFRS and Supplementary Financial Measures in the Appendix of this presentation.*





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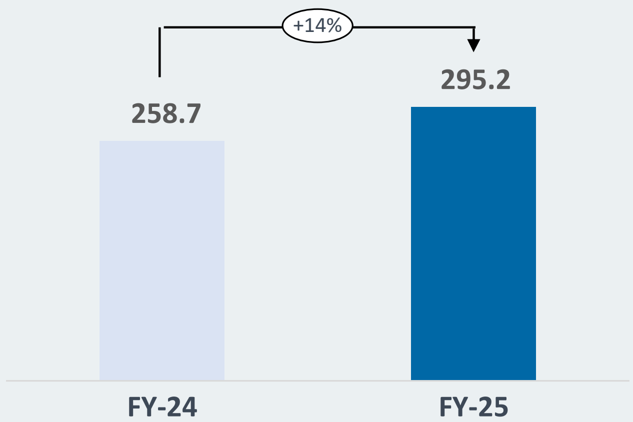
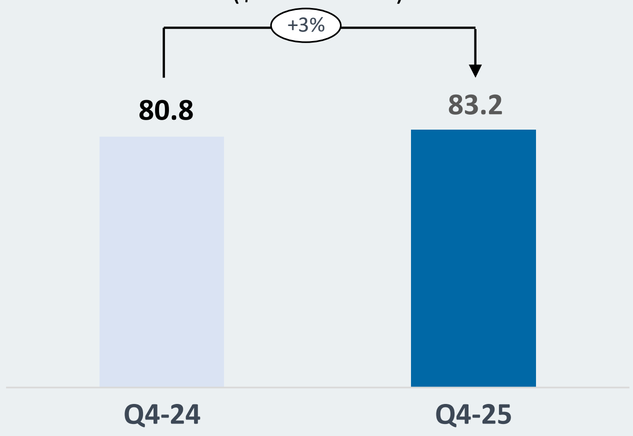
Annual Sales
($US Millions)



Quarterly Sales
($US Millions)



Sales

Annual Sales

$295.2M ⬆ **$36.5M vs Prior Year**

$258.7M

- Higher shipments from Italian operations for the oil & gas industry
- Greater volume from German business related to oil refineries
- Partially offset by slightly lower sales in North America and other international markets

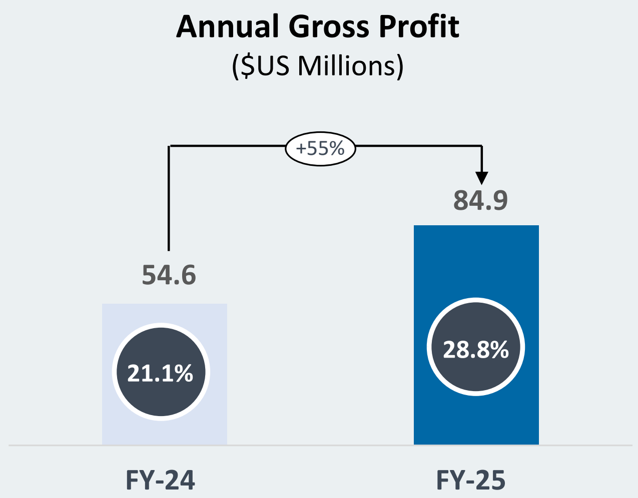
Quarterly Sales

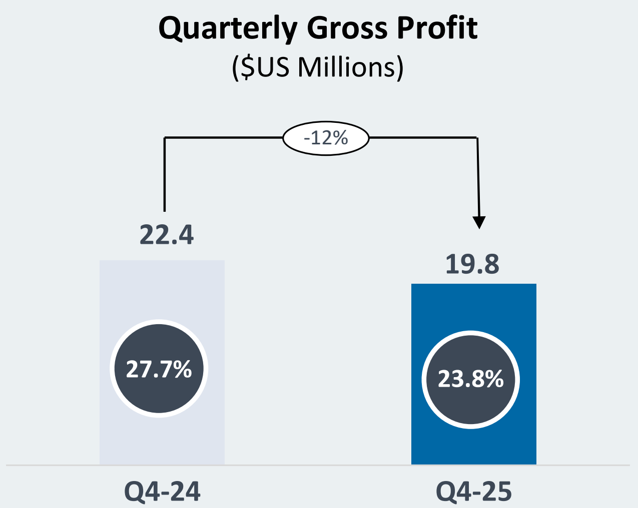
$83.2M ⬆ **$2.4M vs Prior Year**

$80.8M

- Higher shipments from Italian and German operations
- Partially offset by reduced shipments from North American operations, including MRO activity

Gross Profit





Annual Gross Profit

$84.9M ⬆ **$30.3M vs Prior Year**

$54.6M

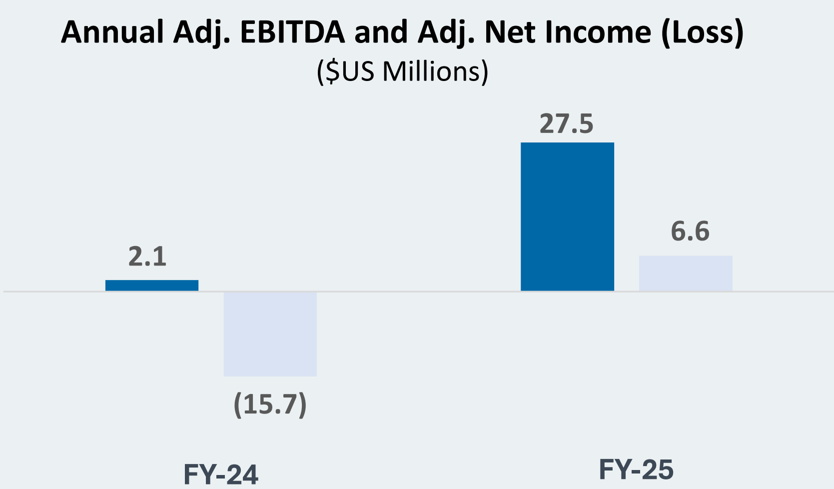
- Higher business volume
- More favourable product mix

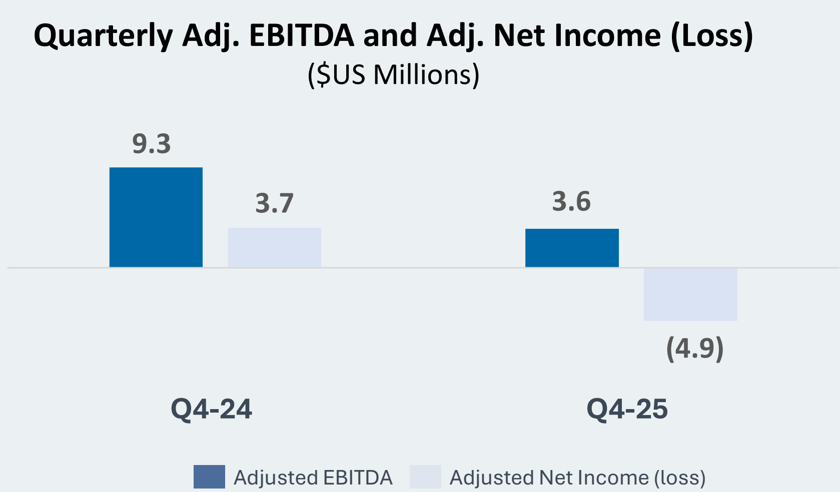
Quarterly Gross Profit

$19.8M ⬇ **$2.6M vs Prior Year**

$22.4M

- Less favourable product mix
- Higher provisions for aging inventory





Profitability

Annual Adjusted EBITDA

$27.5M ⬆ **$25.4M vs Prior Year**

$2.1M

- Higher gross profit

Annual Adjusted Net Income

$6.6M ⬆ **$22.3M vs Prior Year**

($15.7M)

Quarterly Adjusted EBITDA

$3.6M ⬇ **$5.7M vs Prior Year**

$9.3M

- Lower gross profit
- Higher administration costs

Quarterly Adjusted Net Income

($4.9M) ⬇ **$8.6M vs Prior Year**

$3.7M

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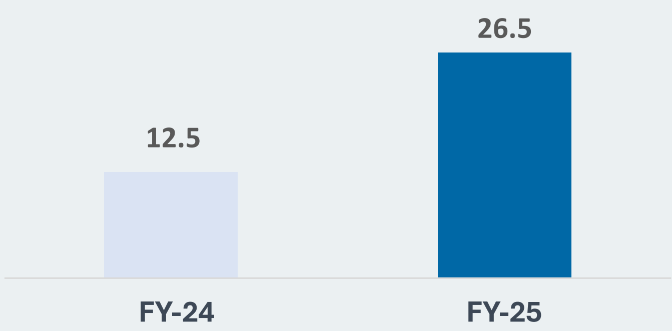
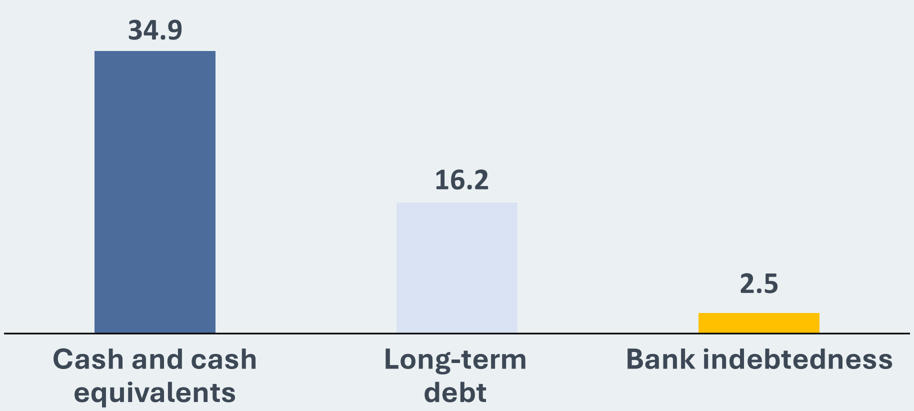
Cash Flow and Financial Position

Cash Flow from Operations
($US Millions)



Financial Position as at February 28, 2025
($US Millions)



Cash from Operations

$26.5M **$14.0M vs Prior Year**
$12.5M

- Higher profitability
- Positive changes in working capital

Strengthened financial position after transactions

- Pro forma cash position of approximately $55M

Strong cash position and healthy cash flow allow for investments in operations

- Support long-term profitable growth
- Seek strategic acquisitions in niche markets

Credit facilities of $35M to further support growth ambitions

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Thank you for attending our Q4 and FY2025 financial results investor call.

We are happy to answer any questions.

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Appendix

Additional Information

Non-IFRS and Supplementary Financial Measures

	Three-month periods ended		Twelve-month periods ended	
(in thousands, except per share amounts; certain totals may not add up due to rounding)	**February 28, 2025 $**	**February 29, 2024 $**	**February 28, 2025 $**	**February 29, 2024 $**
Reconciliation of net income (loss) from continuing operations to adjusted net income (loss) from continuing operations and adjusted net income (loss) from continuing operations per share				
Net income (loss) from continuing operations	(16,056)	(8,462)	(67,246)	(31,969)
Adjustments for:				
Asbestos-related costs	2,466	11,124	76,211	14,497
Deferred tax assets related to the transactions	(3,543)	-	(20,242)	-
Other restructuring costs	-	919	89	919
Transaction costs	12,234	108	17,788	900
Adjusted net income (loss) from continuing operations	**(4,899)**	**3,689**	**6,600**	**(15,653)**
per share – basic and diluted	(0.23)	0.17	0.31	(0.73)
Reconciliation of net income (loss) from continuing operations to Adjusted EBITDA from continuing operations				
Net income (loss) from continuing operations	(16,056)	(8,462)	(67,246)	(31,969)
Adjustments for:				
Depreciation of property, plant and equipment	1,775	1,978	6,864	7,103
Amortization of intangible assets and financing costs	577	607	2,132	2,127
Finance costs – net	(1,229)	1,202	(263)	1,963
Income taxes	(558)	1,437	(14,551)	2,269
EBITDA	**(15,491)**	**(3,238)**	**(73,064)**	**(18,507)**
Adjustments for:				
Other restructuring costs	-	173	121	1,250
Asbestos-related costs	2,466	11,124	76,211	14,497
Transaction-related costs	16,645	1,222	24,201	4,886
Adjusted EBITDA	**3,620**	**9,281**	**27,470**	**2,126**

Non-IFRS measures

The term "Adjusted net income (loss)" is defined as net income or loss attributable to Subordinate and Multiple Voting Shares plus adjustment, net of income taxes, for costs related to restructuring and to the proposed transaction. The terms "Adjusted net income (loss) per share" is obtained by dividing Adjusted net income (loss) by the total amount of subordinate and multiple voting shares. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

The term "EBITDA" is defined as adjusted net income plus depreciation of property, plant & equipment, plus amortization of intangible assets, plus net finance costs, plus income tax provision. The term "Adjusted EBITDA" is defined as EBITDA plus adjustment for costs related to restructuring and to the proposed transaction. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

Supplementary financial measures

The term "Net new orders" or "bookings" is defined as firm orders, net of cancellations, recorded by the Company during a period. Bookings are impacted by the fluctuation of foreign exchange rates for a given period. The measure provides an indication of the Company's sales operation performance for a given period, as well as well as an expectation of future sales and cash flows to be achieved on these orders.

The term "backlog" is defined as the buildup of all outstanding bookings to be delivered by the Company. The Company's backlog is impacted by the fluctuation of foreign exchange rates for a given period. The measure provides an indication of the future operational challenges of the Company as well as an expectation of future sales and cash flows to be achieved on these orders.

The term "book-to-bill ratio" is obtained by dividing bookings by sales. The measure provides an indication of the Company's performance and outlook for a given period.

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