



## **UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Nine-month period ended November 30, 2025



## **NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors PricewaterhouseCoopers LLP have not reviewed the unaudited condensed interim consolidated financial statements for the Nine-month period ended November 30, 2025.



## Consolidated Statements of Financial Position

(in thousands of U.S. dollars)

	As at	
	November 30, 2025	February 28, 2025
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	36,320	34,872
Short-term investments	383	358
Accounts receivable	78,615	62,612
Income taxes recoverable	5,711	5,617
Inventories (note 8)	154,933	134,969
Deposits and prepaid expenses	4,162	3,689
Derivative assets	249	24
Assets held for sale (note 6)	-	176,762
	280,373	418,903
<b>Non-current assets</b>		
Property, plant and equipment	50,398	51,349
Intangible assets and goodwill	6,375	5,893
Deferred income taxes	5,193	25,101
Other assets	740	720
	62,706	83,063
<b>Total assets</b>	343,079	501,966
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness	16,097	2,508
Accounts payable and accrued liabilities	76,726	78,776
Income taxes payable	2,304	1,818
Customer deposits	11,559	22,338
Provisions	7,875	153,957
Derivative liabilities	145	480
Current portion of long-term lease liabilities	1,560	1,437
Current portion of long-term debt (note 9)	3,722	2,096
Liabilities held for sale (note 6)	-	110,883
	119,988	374,293
<b>Non-current liabilities</b>		
Long-term lease liabilities	4,221	4,727
Long-term debt (note 9)	13,967	14,107
Income taxes payable	-	692
Deferred income taxes	1,339	737
Customer deposits	11,908	3,876
Other liabilities	5,090	4,796
	36,525	28,935
<b>Total liabilities</b>	156,513	403,228
<b>Total equity</b>	186,566	98,738
<b>Total liabilities and equity</b>	343,079	501,966

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.



## Consolidated Statements of Income (loss)

(in thousands of U.S. dollars, excluding per share amounts)

	Three-month periods ended		Nine-month periods ended	
	November 30, 2025	November 30, 2024	November 30, 2025	November 30, 2024
	\$	\$	\$	\$
<b>Sales</b>	71,660	73,404	211,500	211,998
<b>Cost of sales</b>	44,483	45,099	148,022	146,911
<b>Gross profit</b>	27,177	28,305	63,478	65,087
Administration costs	16,457	17,003	50,147	48,348
Restructuring expenses (note 14)	1,305	74,468	7,369	81,301
Other expenses	3,565	(782)	3,520	(192)
<b>Operating income (loss)</b>	5,850	(62,384)	2,442	(64,370)
Financing expenses	(259)	(442)	(893)	(966)
<b>Income (loss) before income taxes</b>	5,591	(62,826)	1,549	(65,336)
Income tax expense (recovery)	2,655	(14,930)	(17,483)	(13,993)
Net Income (loss) for the period from continuing operations	2,936	(47,896)	19,032	(51,343)
<b>Results from discontinued operations (note 6)</b>	-	(14,262)	58,599	(11,890)
<b>Net Income (loss) attributable to:</b>	2,936	(62,158)	77,631	(63,233)
<b>Subordinate Voting Shares and Multiple Voting Shares</b>	<b>2,996</b>	<b>(62,097)</b>	<b>77,761</b>	<b>(63,081)</b>
Non-controlling interest	(60)	(61)	(130)	(152)
<b>Net Income (loss) attributable to Shareholders for the period</b>	<b>2,936</b>	<b>(62,158)</b>	<b>77,631</b>	<b>(63,233)</b>
<b>Net Income (loss) per Subordinate and Multiple Voting Share</b>				
Basic and diluted from continuing operations	0.14	(2.22)	0.89	(2.37)
Basic and diluted from discontinued operations	-	(0.66)	2.71	(0.55)
Basic and diluted from all operations	0.14	(2.88)	3.60	(2.92)
<b>Dividends declared per Subordinate and Multiple Voting Share</b>	<b>(0.07)</b>	<b>0.02</b>	<b>(0.38)</b>	<b>0.02</b>
	(CA\$ 0.10)	(CA\$ 0.03)	(CA\$ 0.53)	(CA\$ 0.03)
<b>Total weighted average number of Subordinate and Multiple Voting Shares</b>				
<b>Basic and diluted common number of shares</b>	21,585,635	21,585,635	21,585,635	21,585,635
Net Income (loss) attributable to Shareholders:				
Continuing operations	2,936	(47,896)	19,032	(51,343)
Discontinued operations	-	(14,262)	58,599	(11,890)
<b>Net Income (loss) for the period</b>	<b>2,936</b>	<b>(62,158)</b>	<b>77,631</b>	<b>(63,233)</b>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

## Consolidated Statements of Comprehensive Income (loss)

(in thousands of U.S. dollars)

	Three-month periods ended		Nine-month periods ended	
	November 30, 2025	November 30, 2024	November 30, 2025	November 30, 2024
	\$	\$	\$	\$
<b>Comprehensive Income (loss)</b>				
Net Income (loss) for the period	2 936	(62 158)	77,631	(63,233)
<b>Other comprehensive Income (loss)</b>				
Foreign currency translation of foreign subsidiaries	11,226	1 188	6,035	(740)
Foreign currency translation of foreign subsidiaries from discontinued operations	-	(4 297)	-	(2,123)
Reclassification of foreign currency translation from discontinued operations	-	-	12 456	-
<b>Comprehensive Income (loss)</b>	14 162	(65,267)	96,122	(66,096)
<b>Comprehensive Income (loss) attributable to:</b>				
Subordinate Voting Shares and Multiple Voting Shares	14,222	(65,206)	96,252	(65,944)
Non-controlling interest	(60)	(61)	(130)	(152)
<b>Comprehensive Income (loss)</b>	14 162	(65,267)	96,122	(66,096)

Other comprehensive Income (loss) is composed solely of items that may be reclassified subsequently to the consolidated statement of Income (loss).

**The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.**



## Consolidated Statements of Changes in Equity

(in thousands of U.S. dollars, excluding number of shares)

Equity attributable to the Subordinate and Multiple Voting shareholders							
	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Retained earnings	Total	Non-controlling interest	Total equity
<b>Balance - February 29, 2024</b>	72,695	6,260	(38,692)	141,914	182,177	1,082	183,259
Net Loss for the period	-	-	-	(63,081)	(63,081)	(152)	(63,233)
Other comprehensive Income	-	-	(2,863)	-	(2,863)	-	(2,863)
Comprehensive Income (loss)	-	-	(2,863)	(63,081)	(65,944)	(152)	(66,096)
Other Dividends	-	95	-	-	95	-	95
Multiple Voting Shares	-	-	-	(333)	(333)	-	(333)
Subordinate Voting Shares	-	-	-	(129)	(129)	-	(129)
<b>Balance - November 30, 2024</b>	72,695	6,355	(41,555)	78,371	115,866	930	116,796
<b>Balance - February 28, 2025</b>	72,695	6,355	(47,141)	65,952	97,861	877	98,738
Net Income (loss) for the period	-	-	-	77,761	77,761	(130)	77,631
Other comprehensive income (loss)	-	-	6,035	-	6,035	-	6,035
Comprehensive Income (loss)	-	-	6,035	77,761	83,796	(130)	83,666
Reclassification of foreign currency translation to discontinued operations (note 6)	-	-	12,456	-	12,456	-	12,456
Dividends							
Multiple Voting Shares	-	-	-	(5,980)	(5,980)	-	(5,980)
Subordinate Voting Shares	-	-	-	(2,314)	(2,314)	-	(2,314)
<b>Balance - November 30, 2025</b>	72,695	6,355	(28,650)	135,419	185,819	747	186,566

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.



## Consolidated Statements of Cash Flow

(in thousands of U.S. dollars)

	Three-month periods ended		Nine-month periods ended	
	November 30, 2025	November 30, 2024	November 30, 2025	November 30, 2024
	\$	\$	\$	\$
<b>Cash flows from</b>				
<b>Operating activities</b>				
Net income (loss) for the period	2,936	(62,158)	77,631	(63,233)
Less: results from discontinued operations (note 6)	-	14,262	(58,599)	11,890
Net Income (loss) for the period for continued operations	2,936	(47,896)	19,032	(51,343)
Adjustments to reconcile net loss to cash provided by operating activities (note 12)	5,188	45,240	(9,538)	54,424
Changes in non-cash working capital items (note 13)	(15,804)	2,647	(50,679)	16,243
<b>Cash provided (used) by operating activities from continued operations (excluding Asbestos settlement)</b>	<b>(7,680)</b>	<b>(9)</b>	<b>(41,185)</b>	<b>19,324</b>
Asbestos Settlement transaction (note 13)	-	-	(143,553)	-
<b>Cash provided (used) by operating activities from continued operations</b>	<b>(7,680)</b>	<b>(9)</b>	<b>(184,738)</b>	<b>19,324</b>
<b>Investing activities</b>				
Short-term investments	-	(193)	(33)	472
Additions to property, plant and equipment	(1,721)	(4,039)	(4,653)	(7,860)
Additions to intangible assets	-	(981)	-	(1,083)
Proceeds on disposal of property, plant and equipment	25	31	1,158	177
Net change in other assets	26	258	13	(190)
<b>Cash provided (used) by investing activities from continued operations (excluding proceeds on disposal of France assets)</b>	<b>(1,670)</b>	<b>(4,923)</b>	<b>(3,515)</b>	<b>(8,484)</b>
Proceeds on disposal of France assets	-	-	182,363	-
<b>Cash provided (used) by investing activities from continued operations</b>	<b>(1,670)</b>	<b>(4,923)</b>	<b>178,848</b>	<b>(8,484)</b>
<b>Financing activities</b>				
Dividends paid to Subordinate and Multiple Voting shareholders	(1,539)	-	(8,294)	-
Increase in long-term debt	2,168	506	3,311	1,090
Repayment of long-term debt	(392)	(242)	(1,904)	(6,753)
Repayment of long-term lease liabilities	(420)	-	(1,232)	(425)
<b>Cash used by financing activities from continued operations</b>	<b>(183)</b>	<b>264</b>	<b>(8,119)</b>	<b>(6,088)</b>
<b>Effect of exchange rate differences on cash and cash equivalents</b>	<b>279</b>	<b>(315)</b>	<b>1,868</b>	<b>26</b>
<b>Net change in cash during the period from continued operations</b>	<b>(9,254)</b>	<b>(4,984)</b>	<b>(12,141)</b>	<b>4,778</b>
<b>Net change in cash during the period from discontinuing operations (note 6)</b>	<b>-</b>	<b>9,581</b>	<b>8,745</b>	<b>4,641</b>
<b>Net change in cash and cash equivalents during the period</b>	<b>(9,254)</b>	<b>4,597</b>	<b>(3,396)</b>	<b>9,420</b>
<b>Net cash – Beginning of the period</b>	<b>29,477</b>	<b>37,045</b>	<b>32,364</b>	<b>27,283</b>
<b>Net cash – End of the period</b>	<b>20,223</b>	<b>32,061</b>	<b>20,223</b>	<b>32,061</b>
Net cash is composed of:				
Cash and cash equivalents	36,320	35,051	36,320	35,051
Bank indebtedness	(16,097)	(2,990)	(16,097)	(2,990)
<b>Net cash – End of the period</b>	<b>20,223</b>	<b>32,061</b>	<b>20,223</b>	<b>32,061</b>
<b>Supplementary information</b>				
Interest paid	320	(206)	42	(623)
Income taxes paid	(1,288)	(3,618)	(4,152)	(8,389)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.



## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine-month period ended November 30, 2025

### 1 General information

These unaudited condensed interim financial statements represent the consolidation of the accounts of Velan Inc. (the "Company") and its subsidiaries. The Company is an international manufacturer of industrial valves and is a public company listed on the Toronto Stock Exchange under the symbol "VLN". It was incorporated under the name Velan Engineering Ltd. on December 12, 1952 and continued under the *Canada Business Corporations Act* on February 11, 1977. It changed its name to Velan Inc. on February 20, 1981. Velan Inc. maintains its registered head office at 7007 Cote de Liesse, Montreal, Quebec, Canada, H4T 1G2. The Company's controlling shareholder is Velan Holdings Co. Ltd.

These unaudited condensed interim consolidated financial statements were approved for issue by the Company's Board of Directors on January 14, 2026.

### 2 Basis of preparation

These unaudited condensed interim consolidated financial statements for the Nine-month period ended November 30, 2025 have been prepared in accordance with International Financial Reporting Standards ("IFRS") in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These unaudited condensed interim consolidated financial statements have been prepared using the same basis of presentation, accounting policies, and methods of computation as outlined in Note 2, *Summary of significant accounting policies*, in the Company's annual consolidated financial statements for the year ended February 28, 2025, which have also been prepared in accordance with IFRS. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended February 28, 2025.

### 3 New accounting standards and amendments issued and adopted

In May 2024, the IASB issued amendments to *IFRS 7, Financial Instruments: Disclosures* and *IFRS 9, Financial Instruments*, following the implementation review of the requirements of *IFRS 9* and related requirements of *IFRS 7*.

The IASB amended *IFRS 9* to clarify the timing of recognition and derecognition of certain financial assets and liabilities, with a new exception for certain financial liabilities settled in cash through an electronic payment system, and to clarify and add additional guidance for assessing whether the cash flows associated with a financial asset consist solely of repayments of principal and interest payments on the outstanding principal.

The IASB amended *IFRS 7* to add new disclosures for certain instruments whose contractual terms may modify cash flows, and to improve the presentation of information about equity instruments designated at fair value through other comprehensive income.

The Company is currently evaluating the impact of adopting the amendments to *IFRS 7* and *IFRS 9*, which will be effective for fiscal years beginning on or after January 1, 2026.

In April 2024, the IASB issued *IFRS 18, Presentation and Disclosures in Financial Statements*, which will replace the current *IAS 1, Presentation of Financial Statements*.

*IFRS 18* introduces three new elements designed to improve the presentation of information in financial statements. It introduces three new categories of revenue and expense (operating, investing, and financing) to improve the comparability of income statements between companies. In addition, *IFRS 18* aims to improve the transparency of



performance indicators defined by management. Finally, *IFRS 18* provides guidance on how to present information in financial statements. The Company is currently evaluating the impact of adopting *IFRS 18*, which will be applicable to fiscal years beginning on or after January 1, 2027.

#### 4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these unaudited condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended February 28, 2025.

#### 5 Seasonality

The Company's sales are not subject to seasonality. Quarterly sales can vary based on the timing of revenue recognition on large orders.

#### 6 Disposal of Velan S.A.S. and Segault S.A.S.

On March 31, 2025, the Company announced the closing of the sale of its French subsidiaries Velan S.A.S. and Segault S.A.S. (the disposal group) for a total consideration of €192,500 (\$208,227), including the transfer of an intercompany loan of \$24 millions, for a net cash consideration of \$183,143 after related finance costs.

Based on the net book value at the closing of the transaction and the related costs, a gain of \$95,824 recorded in the previous quarter of fiscal year 2026.

a) The assets and liabilities of the disposal group is as follows:

	As at March 31, 2025
(thousands)	\$
Cash and cash equivalents	25,063
Accounts receivable	47,700
Income taxes recoverable	1,042
Inventories	76,329
Deposits and prepaid expenses	2,104
Property, plant and equipment	16,319
Intangible assets and goodwill	8,960
Deferred income taxes	(51)
<b>Assets held for sales</b>	<b>177,466</b>
Accounts payable and accrued liabilities	24,057
Customer deposits	49,587
Provisions	3,707
Current portion of long-term lease liabilities	179
Current portion of long-term debt	1,129
Long-term lease liabilities	6,105
Long-term debt	2,717



Income taxes payable	861
Deferred income taxes	1,716
Other liabilities	89
<b>Liabilities held for sales</b>	<b>90,147</b>
 <b>Net Assets</b>	 <b>87,319</b>
 <b>Net consideration received in cash</b>	 <b>183,143</b>
 <b>Profit on disposal</b>	 <b>95,824</b>

b) The income and expenses, gains and losses relating to the discontinuation the disposal group have been subtracted from the Company's net income from continuing operations and are presented on a separate line in the consolidated statement of income. The result for the current period only covers one month due to the closing of the sale on March 31, 2025. The details of the elements making up this result are as follows:

	Three-month periods ended		Nine-month periods ended	
	November 30, 2025	November 30, 2024	November 30, 2025	November 30, 2024
(thousands)	\$	\$	\$	\$
<b>Sales</b>	-	<b>23,381</b>	<b>4,764</b>	<b>60,934</b>
Cost of sales	-	14,728	3,127	38,583
<b>Gross profit</b>	-	<b>8,653</b>	<b>1,637</b>	<b>22,351</b>
Administration costs	-	5,241	1,782	15,852
Gain on Disposal of SAS and Segault	-	-	(95,824)	-
Reclassification of foreign currency translation of foreign subsidiaries from discontinued operations	-	-	12,456	-
Other expense (income)	-	360	782	348
<b>Operating income (loss)</b>	-	<b>3,052</b>	<b>82,441</b>	<b>6,151</b>
Finance costs – net	-	(60)	(128)	(118)
<b>Income (loss) before income taxes</b>	-	<b>3,112</b>	<b>82,569</b>	<b>6,269</b>
Income tax expense	-	17,374	23,970	18,159
<b>Net profit (loss) for the period</b>	-	<b>(14,262)</b>	<b>58,599</b>	<b>(11,890)</b>



c) Cash flows generated by the disposal group for the reporting periods under review until its disposal are as follows:

	Three Month period ended		Nine Month period ended	
	November 30, 2025	November 30, 2024	November 30, 2025	November 30, 2024
(thousands)	\$	\$	\$	\$
Operating activities	-	8,429	(948)	3,582
Investing activities	-	1,736	8,912	1,798
Financing activities	-	(648)	781	(931)
Effect of exchange rate differences on cash and cash equivalents	-	64	-	192
Net change in cash during the period from discontinuing operations	-	<b>9,581</b>	<b>8,745</b>	<b>4,641</b>

## 7 Settlement of Asbestos liabilities

Concurrently with the disposal of Velan S.A.S. and Segault S.A.S. (the disposal, note 6), the Company entered into an agreement to sell to an affiliate of Global Risk Capital its current and future exposure to Asbestos-related litigation in the United States. Part of the proceeds received in previous quarter from the Velan SAS and Segault SAS disposal was used on April 3, 2025, to pay an amount of \$143 millions for the asbestos divestiture transaction.

## 8 Inventories

	As at	
	November 30, 2025	February 28, 2025
(thousands)	\$	\$
Raw materials	15,661	22,001
Work in process and finished parts	99,256	77,450
Finished goods	40,016	35,518
	<b>154,933</b>	<b>134,969</b>

As a result of variations in the ageing of its inventories, the Company recognized a net reduction of inventory provision for the Nine-month period ended November 30, 2025, of \$32 (February 28, 2025 – addition of \$10,466), including reversals of \$10,750 (February 28, 2025 - \$6,180).

## 9 Long-term debt

(thousands)	As at	
	November 30, 2025 \$	February 28, 2025 \$
Canadian subsidiary		
Secured bank loan (\$CAD 17,909; February 28, 2025 - \$CAD 18,460)	12,611	12,760
Italian subsidiary		
Unsecured bank loan (€832; February 28, 2025 - €1,631)	965	1,692
Unsecured state bank loan (€2,000; February 28, 2025 - €333)	2,319	346
Gulf subsidiary		
Unsecured third-party loan (SAR 1,200; February 28, 2025 – SAR 750)	320	200
Other	1,474	1,205
	17,689	16,203
Less: current portion	3,722	2,096
	13,967	14,107

The Company reported that on May 21, 2025, it entered a new, \$25 million, three-year, revolving credit facility (the "Credit Agreement"), the Credit Agreement also includes a \$5M swing line and a \$5M letter of credit facility. The Credit Agreement replaces the prior ABL agreement, dated as of February 28, 2025, which matured on the closing of the French and Asbestos transactions. The revolving credit facility may be used for general corporate purposes. The credit facility was funded and operational on June 25, 2025. The credit facility matures on May 21, 2028, and may be extended at maturity, subject to lender and borrower agreement.

As at November 30, 2025, the Company had drawn down \$3,830 (2025 - \$Nil) on the revolving credit facility and had \$29,948 (February 28, 2025 - \$1,789) in the form of outstanding letters of credit and letters of guarantee on a total of \$60,328 (February 28, 2025 - \$35,316) borrowing availability. As at November 30, 2025, and as at February 28, 2025, the Company was in compliance of its financial covenants ratios. The next calculation for compliance of the covenant will be in February 2026.

## 10 Fair value of financial instruments

The fair value hierarchy has the following levels:

- Level 1 – quoted market prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – unobservable inputs such as inputs for the asset or liability that are not based on observable market data. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.



The Company does not have any financial instruments measured and recognized at fair value that are material. For other financial instruments not recognized at fair value, their fair value is approximately the carrying amount as at November 30, 2025.

## 11 Segment reporting

The Company reflects its results under a single reportable operating segment. The geographic distribution of its sales by origination country is as follows:

Three-month period ended November 30, 2025						
(thousands)	Canada \$	United States \$	Europe \$	Other \$	Consolidation adjustment \$	Consolidated \$
Sales						
Customers -						
Domestic	7,316	21,641	12	3,923	-	32,892
Export	14,459	43	23,025	1,241	-	38,768
Intercompany (export)	9,007	1,593	349	20,300	(31,249)	-
	<b>30,782</b>	<b>23,277</b>	<b>23,386</b>	<b>25,464</b>	<b>(31,249)</b>	<b>71,660</b>

Three-month period ended November 30, 2024						
(thousands)	Canada \$	United States \$	Europe \$	Other \$	Consolidation adjustment \$	Consolidated \$
Sales						
Customers -						
Domestic	2,451	25,923	5,791	1,834	-	35,999
Export	13,899	116	10,798	12,592	-	37,405
Intercompany (export)	12,992	2,411	1	15,972	(31,376)	-
	<b>29,342</b>	<b>28,450</b>	<b>16,590</b>	<b>30,398</b>	<b>(31,376)</b>	<b>73,404</b>

Nine-month period ended November 30, 2025						
(thousands)	Canada \$	United States \$	Europe \$	Other \$	Consolidation adjustment \$	Consolidated \$
Sales						
Customers -						
Domestic	23,842	70,693	273	15,739	-	110,547
Export	30,082	220	65,681	4,970	-	100,953
Intercompany (export)	24,502	5,659	2,395	49,292	(81,848)	-
	<b>78,426</b>	<b>76,572</b>	<b>68,349</b>	<b>70,001</b>	<b>(81,848)</b>	<b>211,500</b>

**Nine-month period ended November 30, 2024**

<i>(thousands)</i>	Canada \$	United States \$	Europe \$	Other \$	Consolidation adjustment \$	Consolidated \$
Sales						
Customers -						
Domestic	13,659	87,295	6,305	14,006	-	121,265
Export	25,812	694	40,993	23,234	-	90,733
Intercompany (export)	38,610	7,891	113	41,029	(87,643)	-
	<b>78,081</b>	<b>95,880</b>	<b>47,411</b>	<b>78,269</b>	<b>(87,643)</b>	<b>211,998</b>

The sales distribution by customer geographic location is as follows:

**Three-month period ended November 30, 2025**

<i>(thousands)</i>	Africa / Middle East \$	Europe \$	North America \$	Asia / Pacific \$	South & Central America \$	Consolidated \$
Sales	6,770	5,457	34,232	23,362	1,779	<b>71,660</b>

**Three-month period ended November 30, 2024**

<i>(thousands)</i>	Africa / Middle East \$	Europe \$	North America \$	Asia / Pacific \$	South & Central America \$	Consolidated \$
Sales	103	(323)	40,350	32,195	1,079	<b>73,404</b>

**Nine-month period ended November 30, 2025**

<i>(thousands)</i>	Africa / Middle East \$	Europe \$	North America \$	Asia / Pacific \$	South & Central America \$	Consolidated \$
Sales	13,523	16,025	107,097	70,069	4,786	<b>211,500</b>

**Nine-month period ended November 30, 2024**

<i>(thousands)</i>	Africa / Middle East \$	Europe \$	North America \$	Asia / Pacific \$	South & Central America \$	Consolidated \$
Sales	21,083	19,212	120,124	49,002	2,577	<b>211,998</b>

## 12 Adjustments to reconcile net loss to cash provided (used) by operating activities

	Three-month period ended		Nine-month period ended	
	November 30, 2025 \$	November 30, 2024 \$	November 30, 2025 \$	November 30, 2024 \$
(thousands)				
Depreciation of property, plant and equipment	1,732	1,545	5,084	5,091
Amortization of intangible assets	595	570	1,655	1,558
Deferred income taxes	-	(16,714)	(24,022)	(16,551)
Loss (gain) on disposal of property, plant and equipment	-	25	25	157
Net change in long-term provisions	-	58,176	-	55,989
Net change in customer deposits	2,388	738	8,030	8,431
Net change in derivative assets and liabilities	593	524	(605)	181
Net change in other liabilities	(120)	376	295	(432)
	<b>5,188</b>	<b>45,240</b>	<b>(9,538)</b>	<b>54,424</b>

## 13 Changes in non-cash working capital items

	Three-month period ended		Nine-month period ended	
	November 30, 2025 \$	November 30, 2024 \$	November 30, 2025 \$	November 30, 2024 \$
(thousands)				
Accounts receivable	(11,564)	2,098	(12,856)	8,522
Inventories	(17,680)	(14,801)	(17,329)	(24,718)
Income taxes recoverable	285	(70)	754	266
Deposits and prepaid expenses	100	954	(327)	1,588
Accounts payable and accrued liabilities	17,465	7,924	(4,843)	22,722
Income taxes payable	(45)	1,178	(1,083)	1,310
Customer deposits	(3,346)	4,766	(11,849)	3,725
Provisions	(1,019)	598	(146,699)	2,828
	<b>(15,804)</b>	<b>2,647</b>	<b>(194,232)</b>	<b>16,243</b>



## 14 Restructuring expenses

	Three-month period ended		Nine-month period ended	
	November 30, 2025 \$(thousands)	November 30, 2024 \$	November 30, 2025 \$	November 30, 2024 \$
Transaction-related costs	1,305	5,404	8,123	7,556
Asbestos-related costs	-	69,064	(754)	73,745
	<b>1,305</b>	<b>74,468</b>	<b>7,369</b>	<b>81,301</b>

## 15 Subsequent event

On January 14, 2026, the Company announced that its controlling shareholder, Velan Holding Co. Ltd. ("Velan Holding"), the sole holder of the Company's multiple voting shares, has agreed to sell its 15,566,567 multiple voting shares and one subordinate voting share (representing approximately 72.1% of the Company's outstanding shares and 92.8% of its aggregate voting rights) to funds managed by Birch Hill Equity Partners Management Inc. ("Birch Hill"), at a price of C\$13.10 per share, for aggregate gross proceeds of C\$203,922,040.80 to Velan Holding and two other entities associated with shareholders of Velan Holding (the "VH Transaction").

Pursuant to a pre-closing reorganization, Velan Holding will, among other things, convert 2,290,075 multiple voting shares into the same number of subordinate voting shares. Therefore, giving effect to such pre-closing reorganization, 13,276,492 multiple voting shares and 2,290,076 subordinate voting shares will be sold to Birch Hill on closing of the VH Transaction (representing approximately 72.1% of the Company's outstanding shares and 91.9% of its aggregate voting rights) (collectively the "VH Transaction Shares").

The VH Transaction is expected to close in the first half of 2026, subject to the receipt of the required regulatory approvals and other customary closing conditions. The completion of the VH Transaction is not subject to any financing condition or approval by the Company's shareholders.

The Company estimates that transaction related fees will be approximately \$12 million, as well as additional change of control triggered costs of approximately \$5 million relating mostly to the vesting and accelerated vesting of various incentive plans already in place at the time of the transaction. Of this total amount, \$4 million has already been paid or accrued.