



**VELAN**

**LEVERAGING  
OUR STRENGTHS**

**Q3-FY2026  
Investor Presentation**

**January 15, 2026**

# Disclaimer

The following presentation provides an analysis of the consolidated operating results and financial position of Velan Inc. ("the Company") for the quarter ended November 30, 2025. This presentation should be read in conjunction with the Company's audited consolidated financial statements for the fiscal 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 presentation was reviewed by the Board of Directors of the Company on January 14, 2026. Additional information relating to the Company, including the Annual Information Form and Proxy Information Circular, can be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## NON-IFRS AND SUPPLEMENTARY FINANCIAL MEASURES

In this 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 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**

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**Chairman of the Board and  
Chief Executive Officer**



# General Overview of Third Quarter

**Sales of \$71.7M and adjusted EBITDA<sup>1</sup> of \$9.5M**

- Profitability driven by high-margin projects and tight management of operating expenses
- Most rescheduled orders from previous quarter recaptured in third quarter
- Similar customer dynamic on certain complex projects in the third quarter
  - Orders worth a few million dollars still being pushed out to later periods

<sup>1</sup> Non-IFRS measure – see Non-IFRS and Supplementary Financial Measures in the Appendix of this presentation.

# Backlog<sup>1</sup> and Bookings<sup>1</sup>

## Backlog of \$296.8M as at November 30, 2025

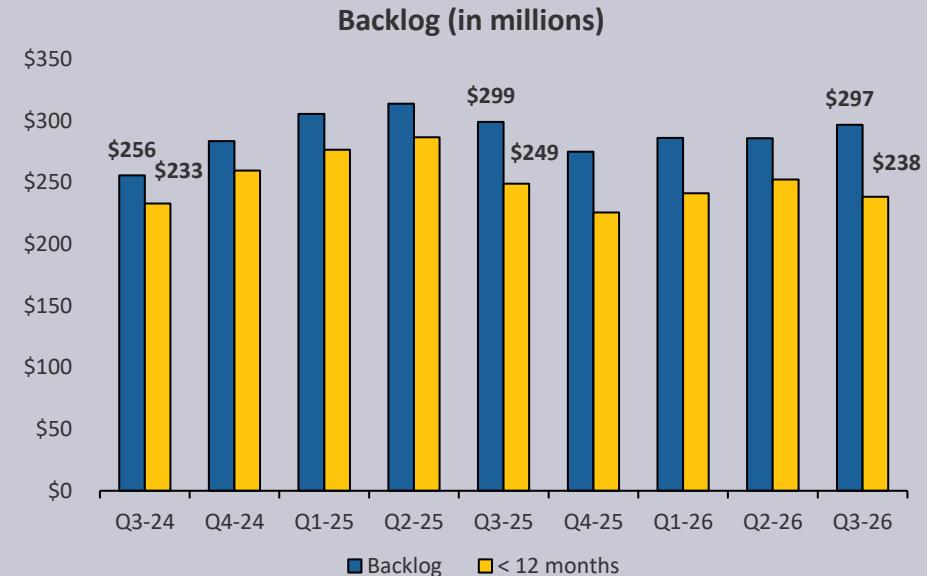
- Up 8.0% since the beginning of fiscal year
- \$238.5M deliverable within next 12 months (80.4% of backlog)

## Bookings of \$77.9M in Q3-FY2026 compared to \$59.1M in Q3-FY2025

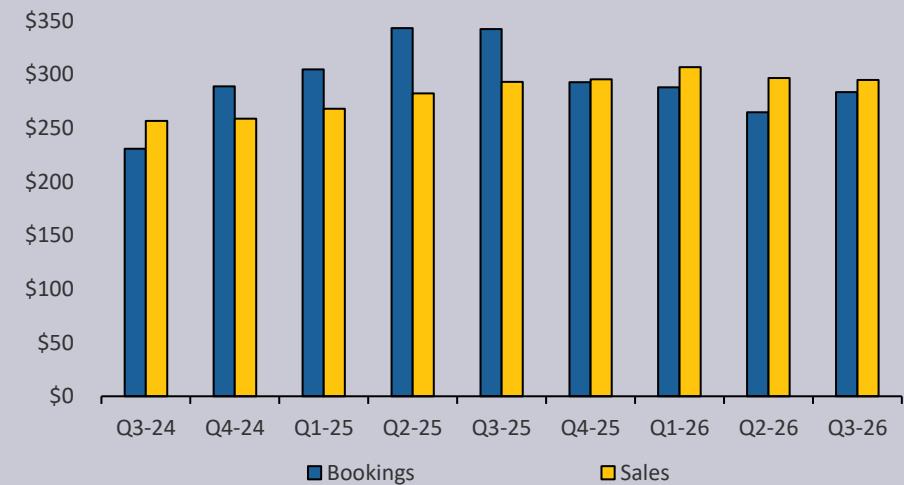
- Higher bookings in North America
  - Nuclear and oil & gas sectors
- Increased bookings by Italian and Chinese operations
- Partially offset by lower bookings in Germany
  - Large orders received in last year's Q3

## CA\$20M order from Ontario Power Generation

- Three reactors being refurbished at Pickering Nuclear Generation Station
- Confirms Velan's leadership position in nuclear sector



## Bookings and Sales (trailing 12 months, in millions)



<sup>1</sup> Non-IFRS measure – see Non-IFRS and Supplementary Financial Measures in the Appendix of this presentation.



# Agreement for Sale of Velan Family's Majority Holdings to Birch Hill

## Details of the agreement

- Family to sell 15.6M multiple voting shares, representing approximately 72.1% of outstanding shares and 92.8% of aggregate voting rights, to Birch Hill
- Proposed price of CA\$13.10 per share for total gross proceeds of CA\$203.9M
- Conversion of nearly 2.3 million multiple voting shares into subordinate voting shares prior to the transaction
  - Birch Hill to hold 91.9% of aggregate voting rights after the transaction
- Transaction expected to close in first half of calendar 2026

## Rationale behind transaction

- Secures Velan family's financial well-being after 75 years of investments
- Brings forth well-established private equity firm with proven track record of partnering with Canadian industrial leaders
- Birch Hill has vast business experience and deep access to capital
- Velan's Special Committee of independent directors supports transaction



# Velan's Competitive Edge

## Well positioned in main markets

- Trustworthy brand
- High-quality products
- Proven expertise in developing solutions for critical applications

## Strong resurgence in nuclear energy

- Massive power requirements
- Rising demand for clean energy sources
- Emergence of Small Modular Reactors

## Geopolitical pressures highlight the need for oil & gas

- We supply valves to most refineries in North America with a growing presence overseas

## Important presence in defense, LNG and mining

- Velan is well positioned to leverage its strengths across a wide range of industrial sectors



# Rishi Sharma

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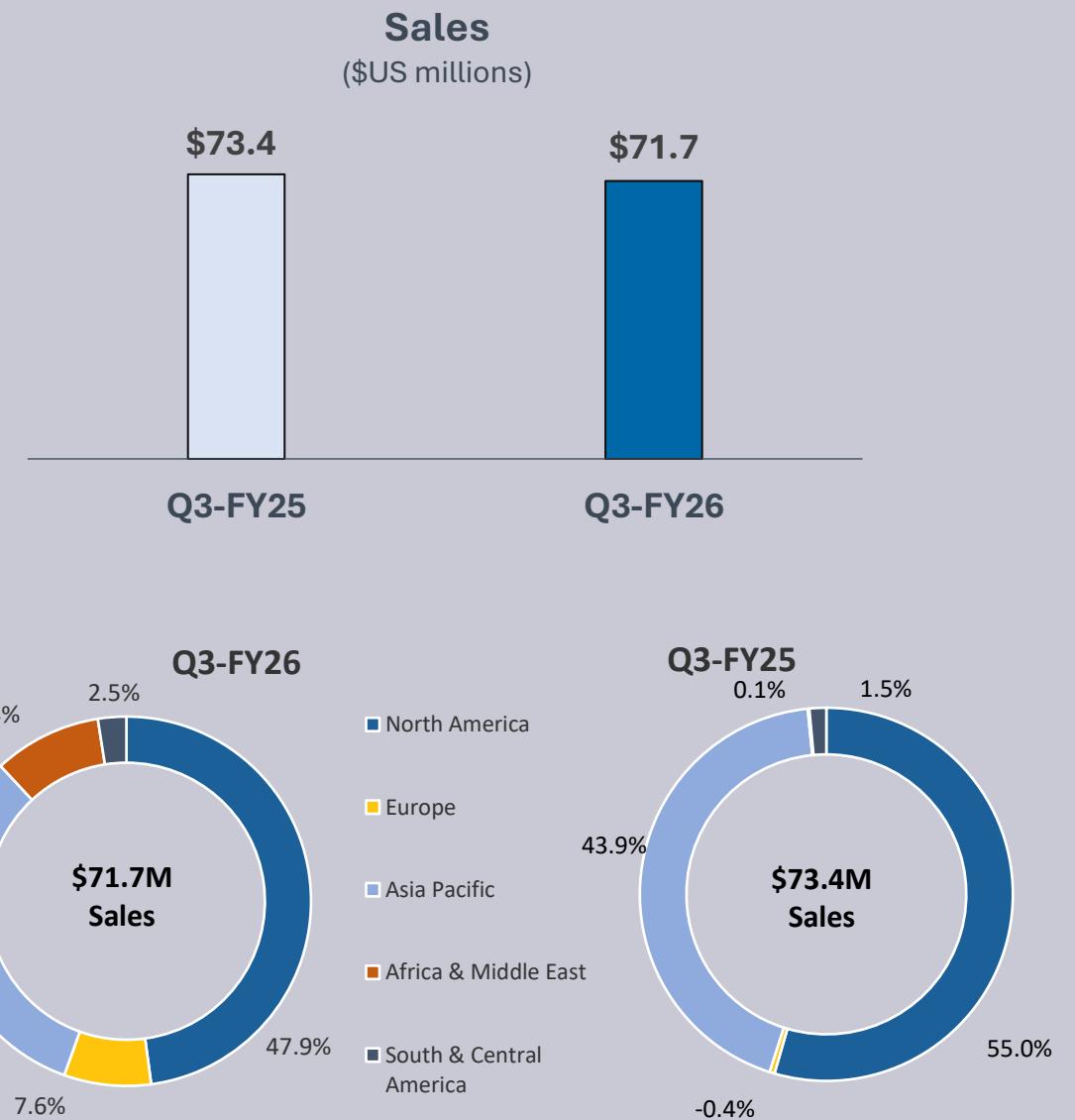
**Chief Financial and Administrative Officer**

# Third Quarter Results

## Sales

**\$71.7M**  **2.4% vs. prior year**

- Lower shipments from Italian operations following strong sales in third quarter last year
- Orders amounting to a few million dollars pushed out to later periods
- Partially offset by:
  - Higher sales in India and Germany
  - Positive FX impact



# Third Quarter Results

## Gross Profit

\$27.2M  \$1.1M vs. prior year

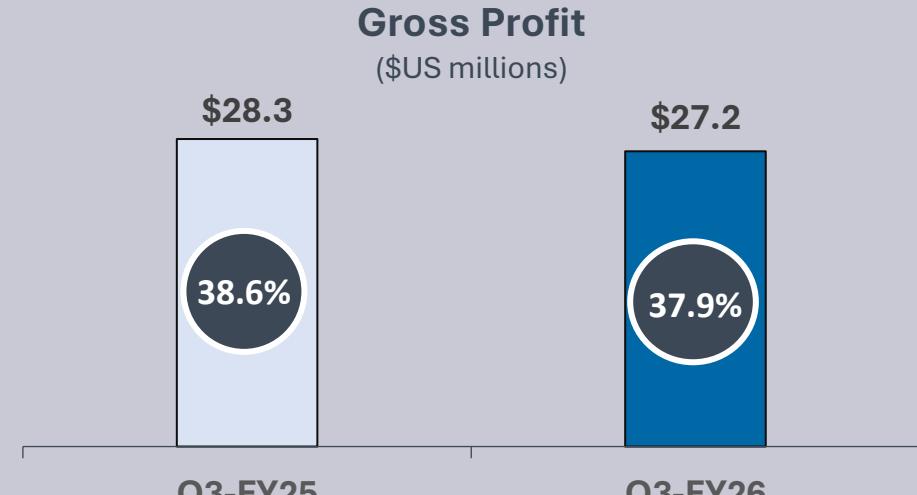
37.9% of sales  70 bps vs. prior year

- Higher-margin projects and slightly positive FX impact
- Offset by lower absorption
  - Reduced volume
  - Tariff effects

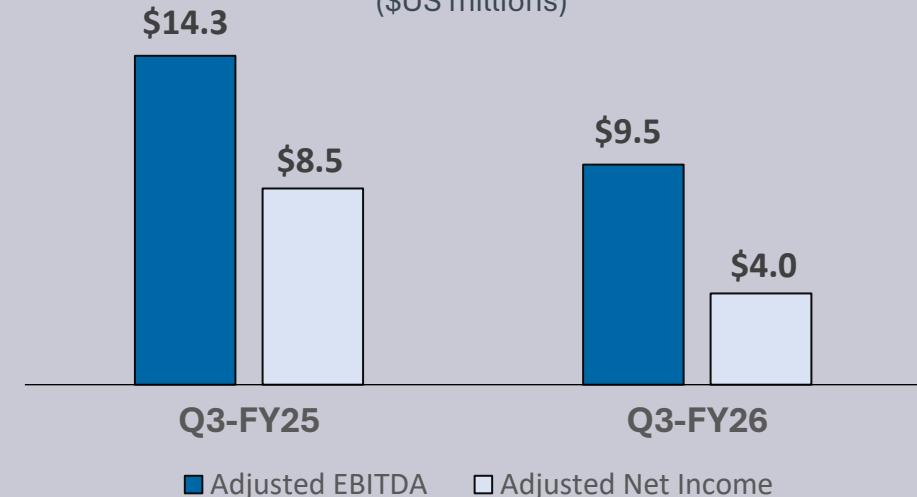
## Adjusted EBITDA<sup>1</sup>

\$9.5M  \$4.8M vs. prior year

- Lower gross profit
- Increase in other expenses, mainly related to FX
- Partially offset by provision reversal



## Adj. EBITDA<sup>1</sup> and Adj. Net Income<sup>1</sup> (Loss)



<sup>1</sup> Non-IFRS measure – see Non-IFRS and Supplementary Financial Measures in the Appendix of this presentation.

# Nine-Month Results

## Sales

\$211.5M  0.2% vs. prior year

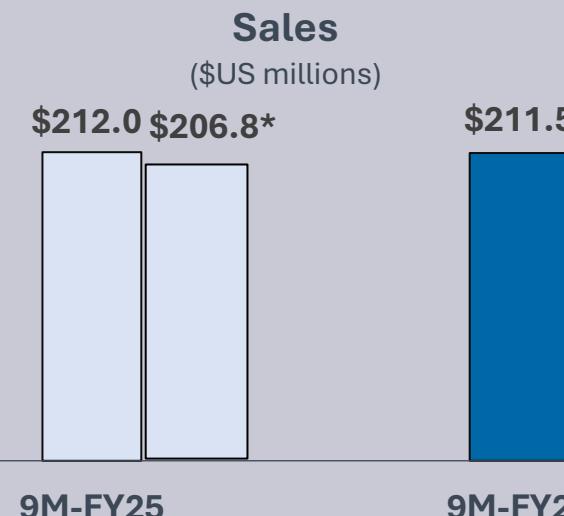
Excluding last year's non-recurring revenue of \$5.2M

\$211.5M  2.3% vs. prior year

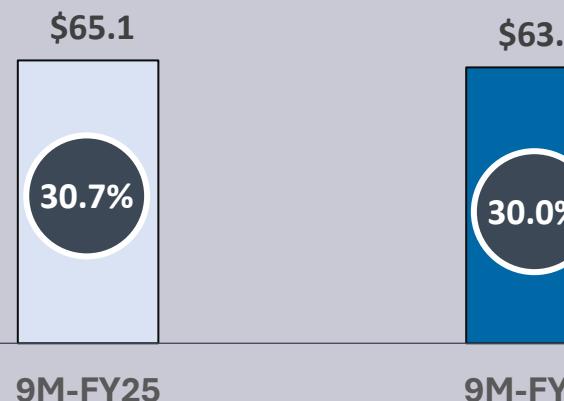
## Gross Profit

\$63.5M  \$1.6M vs. prior year

30.0% of sales  70 bps vs. prior year



## Gross Profit (\$US millions)



\* Excluding non-recurring revenue.

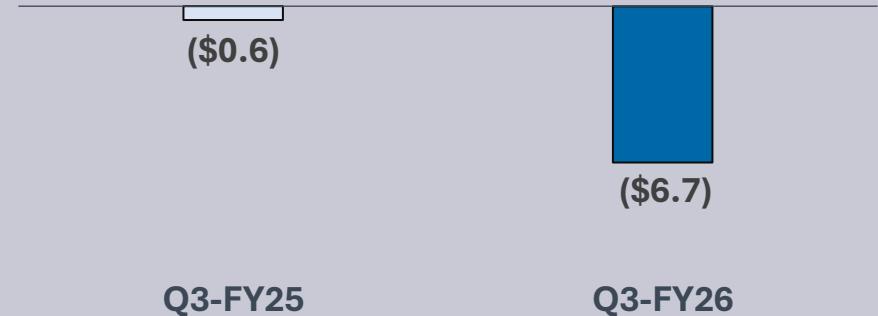
# Cash Flow and Financial Position

## Cash Flow from Operating Activities

- Used \$6.7M before net change in provisions
  - Negative changes in non-cash working capital, mainly due to temporary increases in accounts receivables and work-in-process inventory
  - Expected cash inflow as the situation normalizes

## Cash Flow from Operating Activities\*

(\$US millions)

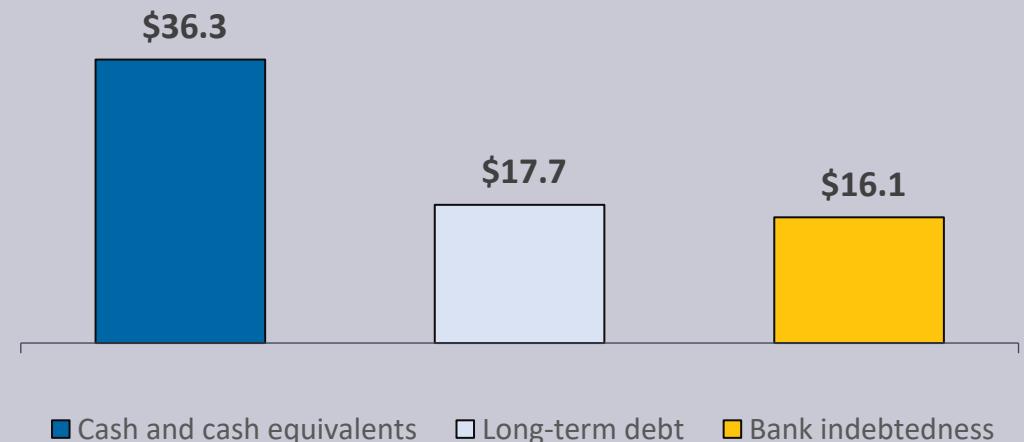


## Solid Financial Position

- Cash and cash equivalents of \$36.3M
- Long-term debt, including current portion, of \$17.7M
- Bank indebtedness of \$16.1M
- \$86 million readily available to execute our strategy and finance our expansion

## Financial Position as at November 30, 2025

(\$US millions)



\* Before net change in provisions.



# VELAN

**Thank you for attending our Q3-FY2026  
Financial Results Investor Call.**

**We are happy to answer any questions.**

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# Appendix

Additional Information

# Non-IFRS and Supplementary Financial Measures

**Adjusted net income (loss), Adjusted net income (loss) per share, Earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA**

	Three-month periods ended		Nine-month periods ended	
	November 30, 2025	November 30, 2024	November 30, 2025	November 30, 2024
(in thousands, except per share amounts; certain totals may not add up due to rounding)				
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	2,996	(47,835)	19,162	(51,190)
Adjustments for:				
Asbestos-related costs	-	69,064	(754)	73,745
Transaction-related costs	959	3,972	7,594	5,554
Other restructuring expenses	-	-	-	89
Deferred tax assets related to the transactions		(16,699)		(16,699)
Non-recurring tax recovery on France transaction	-	-	(23,110)	-
<b>Adjusted net income (loss) from continuing operations per share – basic and diluted</b>	<b>3,955</b>	<b>8,502</b>	<b>2,892</b>	<b>11,499</b>
Reconciliation of net income (loss) from continuing operations to Adjusted EBITDA from continuing operations				
Net income (loss) from continuing operations	2,996	(47,835)	19,162	(51,190)
Adjustments for:				
Depreciation of property, plant and equipment	1,732	1,545	5,084	5,090
Amortization of intangible assets and financing costs	595	570	1,655	1,557
Financing expenses	259	442	893	966
Income tax expense (recovery)	2,655	(14,930)	(17,483)	(13,993)
<b>EBITDA</b>	<b>8,237</b>	<b>(60,208)</b>	<b>9,311</b>	<b>(57,570)</b>
Adjustments for:				
Asbestos-related costs	-	69,064	(754)	73,745
Transaction-related costs	1,305	5,404	8,123	7,556
Other restructuring expenses	-	-	-	121
<b>Adjusted EBITDA</b>	<b>9,542</b>	<b>14,260</b>	<b>16,680</b>	<b>23,852</b>

## 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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