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PRESS RELEASE
FOR IMMEDIATE RELEASE

VELAN INC. REPORTS FISCAL 2026 FOURTH-QUARTER AND YEAR-END RESULTS

Company reports net income per share of \$0.71 in fiscal 2026

MONTREAL, Quebec, May 14, 2026 – Velan Inc. (TSX: VLN) (“Velan” or the “Company”), a world-leading manufacturer of industrial valves, announced today financial results for its fourth quarter and fiscal year ended February 28, 2026. All amounts are expressed in U.S. dollars unless indicated otherwise.

FISCAL YEAR HIGHLIGHTS FROM CONTINUING OPERATIONS (unless otherwise indicated)

IFRS MEASURES INCLUDING SIGNIFICANT TRANSACTIONS (see below)

- Sales of \$296.4 million, up \$1.2 million or 0.4%, compared to the same period last year.
- Gross profit of \$81.1 million, or 27.4% of sales, versus \$84.9 million, or 28.8% of sales, last year.
- Operating income of \$1.6 million, compared to an operating loss of \$82.3 million a year ago.
- Net income of \$15.3 million, or \$0.71 per share, compared to a net loss of \$67.2 million, or a loss of \$3.12 per share, last year.
- Including discontinued operations, net income of \$73.9 million, or \$3.42 per share, versus a net loss of \$75.5 million last year, or a loss of \$3.50 per share, last year.

NON-IFRS AND SUPPLEMENTARY FINANCIAL MEASURES

- Bookings of \$295.0 million, up \$2.5 million from \$292.5 million last year.
- Adjusted net income of \$0.9 million, versus adjusted net income of \$6.6 million last year.

Adjusted EBITDA of \$20.7 million in fiscal 2026, compared to \$27.5 million last year.

FOURTH-QUARTER HIGHLIGHTS FROM CONTINUING OPERATIONS (unless otherwise indicated)

IFRS MEASURES

- Sales of \$84.9 million, up \$1.7 million or 2.1%, compared to the same quarter last year.
- Gross profit of \$17.6 million or 20.7% of sales, versus \$19.8 million, or 23.8% of sales, last year.
- Operating loss of \$0.8 million, compared to an operating loss of \$18.6 million a year ago.
- Net loss of \$3.9 million, or \$0.18 per share, versus a net loss of \$16.1 million, or \$0.74 per share, last year
- Net loss of \$3.9 million, or \$0.18 per share, compared to a loss of \$12.4 million, including discontinued operations, or a loss of \$0.57 per share, last year.
- Cash and cash equivalents of \$53.4 million at the end of fiscal 2026, versus \$34.9 million a year earlier.

NON-IFRS AND SUPPLEMENTARY FINANCIAL MEASURES

- Backlog of \$283.3 million, up \$8.4 million from \$274.9 million at the end of last year.
- Bookings of \$73.7 million, up from \$62.0 million last year.
- Adjusted net loss of \$2.0 million, compared to an adjusted net loss of \$4.9 million last year.
- Adjusted EBITDA of \$4.0 million, up from \$3.6 million last year

"Velan delivered sound financial results in fiscal 2026 despite a challenging economic environment marked by continued volatility in tariffs and the ongoing conflict in the Middle East affecting order intake, deliveries and profitability," said James A. Mannebach, Chairman of the Board and CEO of Velan. "Despite this context, our annual sales slightly improved year-over-year, supported by the global reach of our sales network, manufacturing operations and brand equity, while our order backlog grew 3.1% to \$283.3 million at year-end with more than



76% deliverable within the next 12 months. Consequently, we believe Velan is well positioned to build on its leadership in demanding applications across a diversified base of industrial markets.”

“Related to our future plans, we are awaiting remaining approvals from regulatory authorities on the proposed sale of Velan Holding’s majority share ownership in the Company to Birch Hill Equity Partners Management. Birch Hill, behind its vast business experience and deep access to capital, should enable Velan to accelerate its growth strategy and enhance value creation. We expect this transaction to close by the end of the first half of 2026,” Mr. Mannebach added.

“Velan closed fiscal 2026 with a solid financial position,” said Rishi Sharma, Chief Financial and Administrative Officer of Velan. “Reflecting working capital initiatives to strengthen cash flow management, our cash and cash equivalents rose to \$53.4 million at year-end, while long-term debt stood at only \$18.2 million. This strong cash position, together with available credit facilities, brings our total available liquidity to \$102.6 million, providing us with the flexibility to execute our strategy by investing in our operations and technology to sustain profitable growth.”

FINANCIAL RESULTS in '000s of U.S. dollars, excluding per share amounts)	Three-month periods ended		Twelve-month periods ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
From continuing operations				
Sales	\$84,905	\$83,198	\$296,405	\$295,196
Gross profit	\$17,614	\$19,830	\$81,092	\$84,917
Gross margin	20.7%	23.8%	27.4%	28.8%
Administration costs	\$18,856	\$20,255	\$69,003	\$68,603
Restructuring expenses	\$2,245	\$19,111	\$9,614	\$100,412
Other expenses (income)	(\$2,679)	(\$957)	\$841	(\$1,833)
Operating income (loss)	(\$808)	(\$18,579)	\$1,634	(\$82,265)
Net income (loss)	(\$3,852)	(\$16,056)	\$15,310	(\$67,246)
Net income (loss) from discontinued operations	-	\$3,636	\$58,599	(\$8,254)
Net income (loss)	(\$3,852)	(\$12,420)	\$73,909	(\$75,500)
(in dollars per share – basic and diluted)				
Net income (loss) from continuing operations	(\$0.18)	(\$0.74)	\$0.71	(\$3.12)
Net income (loss) from discontinued operations	-	\$0.17	\$2.71	(\$0.38)
Net income (loss)	(\$0.18)	(\$0.57)	\$3.42	(\$3.50)

NON-IFRS AND SUPPLEMENTARY FINANCIAL MEASURES (From continuing operations, in '000s of U.S. dollars, excluding per share amounts)	Three-month periods ended		Twelve-month periods ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Adjusted EBITDA	\$3,994	\$3,620	\$20,674	\$27,470
Adjusted net income (loss)	(\$2,002)	(\$4,899)	\$890	\$6,600
per share - basic and diluted	(\$0.09)	(\$0.23)	\$0.04	\$0.31

BACKLOG AND BOOKINGS

BACKLOG (‘000s of U.S. dollars)	As at	
	February 28, 2026	February 28, 2025
Backlog	\$283,290	\$274,877
for delivery within the next 12 months	\$216,709	\$225,662

BOOKINGS (‘000s of U.S. dollars)	Three-month periods ended		Twelve-month periods ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Bookings	\$73,713	\$62,032	\$295,039	\$292,505



As at February 28, 2026, the backlog from continuing operations stood at \$283.3 million, up \$8.4 million, or 3.1%, from \$274.9 million a year earlier. Currency movements had a \$10.1 million positive effect on the value of the backlog during the year mainly due to the strengthening of the euro versus the U.S. dollar. Excluding currency movements, the backlog remained relatively stable, reflecting bookings that were broadly in line with valve shipments during the fiscal year. As at February 28, 2026, 76.5% of the backlog, representing orders of \$216.7 million, is deliverable in the next 12 months, versus 82.1% of last year's backlog. This shift in the delivery schedule is driven by the securing of an increasing number of long-term contracts for the nuclear and defense sectors.

Bookings from continuing operations in the fourth quarter of fiscal 2026 totaled \$73.7 million, compared to bookings of \$62.0 million in the fourth quarter a year ago. The variation is attributable to higher North American bookings in the nuclear sector and for maintenance, repair and overhaul (MRO) activity, as well as higher bookings recorded by the Company's operations in India. These factors were partially offset by lower bookings by German operations. Currency movements had a negligible effect on the value of bookings for the quarter.

Fiscal 2026 bookings from continuing operations reached \$295.0 million, up \$2.5 million or 0.9% compared to the previous year. The increase reflects higher bookings from Italian operations, partially offset by lower bookings by German and Chinese operations following a strong order flow in the prior year. Currency movements had a \$2.2 million positive effect on the value of bookings for the year.

FOURTH QUARTER RESULTS

Sales from continuing operations reached \$84.9 million, an increase of \$1.7 million or 2.1% compared to the same period last year. The variation reflects higher shipments from North American, Chinese and Indian operations, partially offset by lower shipments from Italian operations due to changes in customer delivery schedules. Currency movements had a \$3.0 million positive effect on sales for the quarter.

Gross profit from continuing operations was \$17.6 million, compared with \$19.8 million a year ago. The variation is attributable to a less favorable product mix this year compared to last. Currency movements had a \$0.5 million positive effect on gross profit for the quarter. As a percentage of sales, gross profit was 20.7%, versus 23.8% last year.

Administration costs from continuing operations reached \$18.9 million, or 22.2% of sales, compared to \$20.3 million, or 24.3% of sales, last year. The decrease mainly reflects lower compensation expenses and last year's non-cash impact of a significant increase in the value of the Company's shares on the long-term incentive plan.

The Company incurred restructuring expenses of \$2.2 million, consisting of \$1.5 million in transaction-related costs related to the proposed sale of Velan Holding shares to Birch Hill Equity Partners Management ("Birch Hill") and a final adjustment to asbestos-related costs. Last year's restructuring expenses of \$19.1 million consisted of \$2.5 million in asbestos-related costs and \$16.6 million in transaction-related costs.

Adjusted EBITDA from continuing operations, excluding non-recurring elements, was \$4.0 million, compared to \$3.6 million a year earlier. This increase reflects an increase in other income, mainly attributable to favourable currency movements, and lower administration costs, partially offset by lower gross profit.

Net loss from continuing operations was \$3.9 million, or \$0.18 per share, compared to a net loss of \$16.1 million, or \$0.74 per share last year. Net income from discontinued operations for last year's fourth quarter was \$3.6 million, or net income of \$0.17 per share. As a result, the net loss was \$3.9 million, or a loss of \$0.18 per share, compared to a net loss of \$12.4 million, or a loss of \$0.57 per share, a year ago.

Adjusted net loss from continuing operations, excluding non-recurring elements, was \$2.0 million, or a loss of \$0.09 per share, versus an adjusted net loss of \$4.9 million, or a loss of \$0.23 per share, a year ago.



FISCAL 2026 RESULTS

Sales from continuing operations for fiscal 2026 amounted to \$296.4 million, an increase of \$1.2 million or 0.4% compared to last year. The variation mainly reflects higher shipments from operations in India, China and Korea, partially offset by non-recurring revenue of \$5.2 million in fiscal 2025 from German operations. Currency movements had a \$5.2 million positive effect on sales for the year.

Gross profit from continuing operations totaled \$81.1 million, versus \$84.9 million last year. The variation mainly reflects the aforementioned factor. Currency movements had a \$1.0 million positive effect on gross profit for the year. As a percentage of sales, gross profit was 27.4%, compared to 28.8% last year.

Administration costs from continuing operations amounted to \$69.0 million, or 23.3% of sales, compared to \$68.6 million, or 23.2% of sales, in fiscal 2025. The slight increase reflects higher professional fees and sales commissions, partially offset by cost reduction initiatives and last year's non-cash impact of a significant increase in the market value of the Company's share on the long-term incentive plan.

The Company incurred restructuring expenses of \$9.6 million consisting of transaction-related costs. In fiscal 2025, the Company incurred restructuring expenses of \$100.4 million, consisting of \$76.2 million in asbestos-related costs and \$24.2 million in transaction-related costs.

Adjusted EBITDA from continuing operations, excluding non-recurring elements, was \$20.7 million, versus \$27.5 million in fiscal 2025. The decrease is attributable to lower gross profit and higher administration costs.

Net income from continuing operations was \$15.3 million, or net income of \$0.71 per share, compared to a net loss of \$67.2 million, or a loss of \$3.12 per share, in fiscal 2025. Net income from discontinued operations was \$58.6 million, or net income of \$2.71 per share, versus a net loss from discontinued operations of \$8.3 million, or a loss of \$0.38 per share, in fiscal 2025. As a result, net income was \$73.9 million, or net income of \$3.42 per share, compared with a net loss of \$75.5 million, or a loss of \$3.50 per share, last year.

Adjusted net income from continuing operations, excluding non-recurring elements and the tax effects of the transactions, was \$0.9 million, or net income of \$0.04 per share, versus adjusted net income of \$6.6 million, or net income of \$0.31 per share, in fiscal 2025. The variation is attributable to lower adjusted EBITDA.

FINANCIAL POSITION

As at February 28, 2026, the Company held cash and cash equivalents of \$53.4 million and short-term investments of \$0.4 million. Bank indebtedness stood at \$11.9 million, while long-term debt, including the current portion, amounted to \$18.2 million. Together with \$49.2 million of available credit facilities, the Company has total liquidity of \$102.6 million to fund its growth and investment objectives.

OUTLOOK

Given orders totaling \$216.7 million, representing 76.5% of a total backlog of \$283.3 million, expected to be delivered in the next 12 months, and despite the current geopolitical and trade uncertainty, the Company expects to deliver an improved operating performance in fiscal 2027 supported by sharper focus and cost discipline.

SIGNIFICANT TRANSACTIONS

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, 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 certain 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.

As announced, the Company has agreed to suspend the declaration of dividend payments until closing, with ordinary course dividends currently planned to resume thereafter, as, if and when declared by the Board.

On March 31, 2025, the Company announced the closing sale of its French subsidiaries Velan S.A.S. and Segault S.A.S. for a total consideration of \$208.2 million (€192.5 million) and net consideration of \$183.1 million. Based on the net book value at the closing of the transaction and related costs, a gain of \$95.8 million was recorded in the first quarter of fiscal 2026. The sale also triggered the recognition of a cumulative translation adjustment of \$12.5 million. These amounts were recorded as part of results from discontinued operations.

Concurrently with the sale of its French subsidiaries, the Company entered into an agreement to sell its current and future exposure to asbestos-related litigation in the United States. Part of the proceeds received from the sale of the French assets was used on April 3, 2025, to pay an amount of \$143.0 million for this settlement.

CONFERENCE CALL NOTICE

Financial analysts, shareholders, and other interested individuals are invited to attend the fourth quarter conference call to be held on Friday, May 15, 2026, at 8:00 a.m. (EDT). The toll-free call-in number is 1-800-990-4777 or by RapidConnect URL: <https://emportal.ink/47PJTxxV>. The material that will be referenced during the conference call will be made available shortly before the event on the company's website under the *Investor Relations* section (<https://velan.com/investor-relations>). A recording of this conference call will be available for seven days at 1-289-819-1450 or 1-888-660-6345 and entering the replay code 28882.

ABOUT VELAN

Founded in Montreal in 1950, Velan Inc. (www.velan.com) is one of the world's leading manufacturers of industrial valves, with sales from continuing operations of US\$296.4 million in its last reported fiscal year. The Company employs 1,296 people and has manufacturing plants in 9 countries. Velan Inc. is a public company with its shares listed on the Toronto Stock Exchange under the symbol VLN.

SAFE HARBOUR STATEMENT

This news release 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, which 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 news release are expressly qualified by this cautionary statement.

NON-IFRS AND SUPPLEMENTARY FINANCIAL MEASURES

In this press release, 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. The Company has also presented supplementary financial measures which are defined at the end of this report. Reconciliation and definition can be found below.

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		Twelve-month periods ended	
<i>(in thousands, except per share amounts; certain totals may not add up due to rounding)</i>	February 28, 2026 \$	February 28, 2025 \$	February 28, 2026 \$	February 28, 2025 \$
<i>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</i>				
Net income (loss) from continuing operations	(3,852)	(16,056)	15,310	(67,246)
<i>Adjustments for:</i>				
Asbestos-related costs	754	2,466	-	76,211
Transaction-related costs	1,096	12,234	8,690	17,788
Other restructuring expenses	-	-	-	89
Deferred tax assets related to the transactions	-	(3,543)	-	(20,242)
Non-recurring tax recovery on France transaction	-	-	(23,110)	-
Adjusted net income (loss) from continuing operations	(2,002)	(4,899)	890	6,600
per share – basic and diluted	(0.09)	(0.23)	0.04	0.31
<i>Reconciliation of net income (loss) from continuing operations to Adjusted EBITDA from continuing operations</i>				
Net income (loss) from continuing operations	(3,852)	(16,056)	15,310	(67,246)
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	1,815	1,775	6,899	6,864
Amortization of intangible assets and financing costs	621	577	2,276	2,133
Finance costs – net	734	(1,229)	1,627	(263)
Income tax expense (recovery)	2,431	(558)	(15,052)	(14,551)
EBITDA	1,749	(15,491)	11,060	(73,064)
<i>Adjustments for:</i>				
Asbestos-related costs	754	2,466	-	76,211
Transaction-related costs	1,491	16,645	9,614	24,201
Other restructuring expenses	-	-	-	121
Adjusted EBITDA	3,994	3,620	20,674	27,470

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 press release 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 press release are expressly qualified by this cautionary statement.

Definitions of 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 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" is obtained by dividing bookings by sales. The measure provides an indication of the Company's performance and outlook for a given period.

The forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

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