



Velan Annual General Meeting

July 7, 2022

VELAN
Une qualité durable.

Agenda

1. Overview of an eventful year
2. FY 2022 and Q1 2023 Financial Results
3. FY 2022 Highlights
4. Conclusion

Changes to the Board of Directors

William Sheffield

Director since 2004



Mr. Sheffield will be stepping down from his position on the Velan Board of Directors after **18 years of service**.

We would like to thank Mr. Sheffield for his commitment and contribution to the development of our company during these 18 years.

Robert Raich

Director since 2021



Mr. Raich will step down from his position as a director on Velan's board of directors.

Changes in the management team

Yves Leduc's departure



Bruno Carbonaro, who was President, has been promoted to Chief Executive Officer on December 1, 2021, succeeding Yves Leduc, who was the first non-family member to lead the company.

We would like to thank Yves for his seven years with the company. The success of the V20 transformation program he initiated in 2018 has greatly contributed to our success this year. In particular, the reorganization of our North American industrial operations, allowed us to reduce our fixed costs and increase our efficiency.

Rishi Sharma

Chief Financial Officer



On May 23, 2022, Rishi Sharma became Velan's Chief Financial Officer, as we announced when he joined in April. Mr. Sharma now assumes global financial leadership for Velan, leveraging his strong background in finance and business leadership.

Mr. Sharma began his career at Deloitte & Touche, progressing to financial services management in the aerospace and rail industries through senior positions at Alstom SA and Bombardier.

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Fiscal year 2022 at a glance



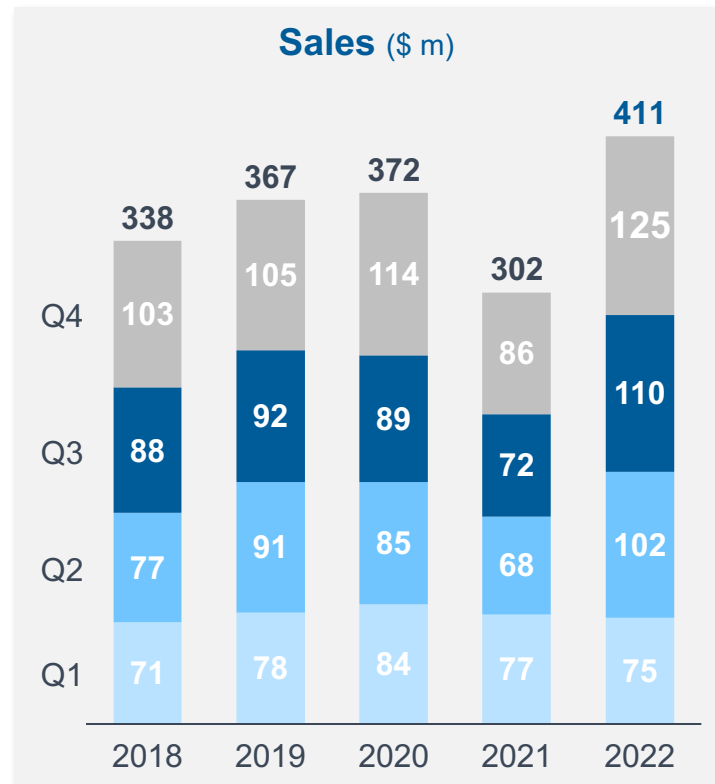
*Bruno Carbonaro
President and CEO*

“Velan's results this year are both excellent and promising, as they clearly indicate that Velan is on the right track.

We are entering a new phase in the evolution of the company. These are exciting times.”

Key Highlights – Fiscal Year 2022

- **\$411.2 m** sales +36.1% vs F2021
- **610 basis points** increase in gross profit percentage from 26.7% to 32.8%
- **\$39.6 m** EBITDA² or \$1.83 per share more than doubled compared to last year
- **\$21.1 m** net loss¹ and adjusted net income³ of **\$11.5 m**
- As a results of strong financial performance and a healthy cash position, the Board has approved an eligible quarterly dividend of CA\$0.03 per share.



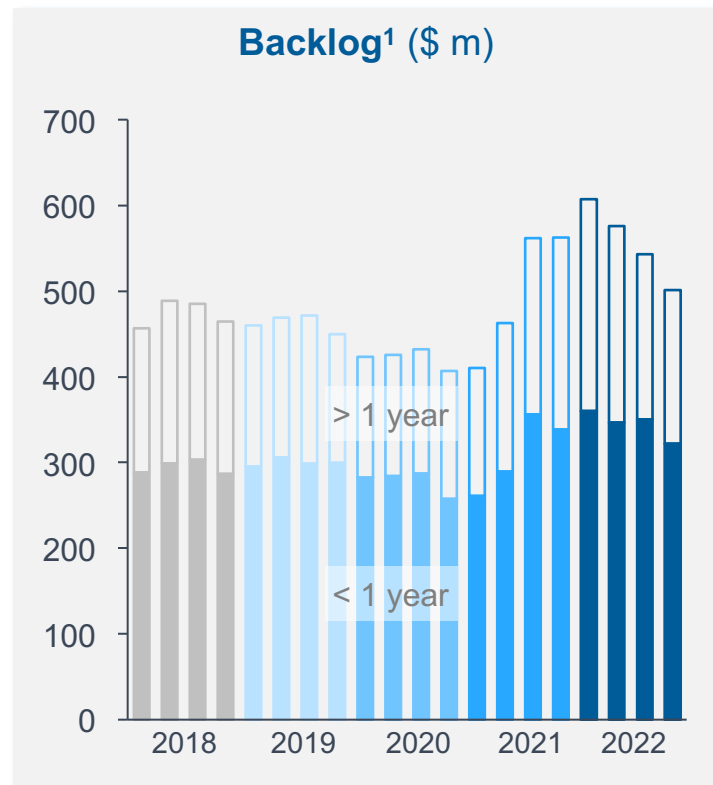
¹ Net income or loss refer to net income or loss attributable to Subordinate and Multiple Voting Shares

² Non-IFRS and supplementary financial measures – additional specifications at the end of this presentation

³ Adjusted for the negative impact of a \$32.6 m non-cash tax adjustment to derecognize deferred tax assets

Backlog¹ as of February 28, 2022

- \$501.2 m backlog¹
 - \$321.9 m shippable in the next 12 months
- 0.88 book-to-bill ratio¹ YTD
- Within 12 months backlog¹ in line with last fiscal year



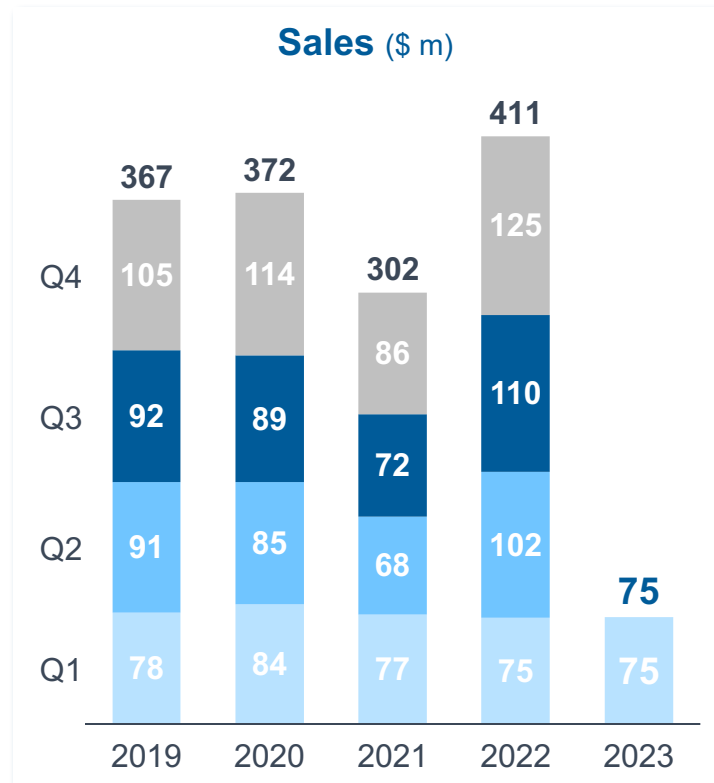
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Key Highlights – Q1

- **\$75.0 m** sales +0.6% vs Q1-F2022
- **\$(2.9) m** EBITDA² is lower than the \$(0.9) m achieved last year. The main driver is the higher administration costs driven by increases in outgoing freight costs
- **\$7.4 m** net loss¹ for the quarter
- **\$506.0 m** backlog² → 1.25 book-to-bill ratio² for the quarter
- **\$47.7 m** net cash → The decrease for the quarter is due to the EBITDA² loss combined with an increase in inventory, primarily in WIP and finished goods due to the shifting of some orders to subsequent quarters

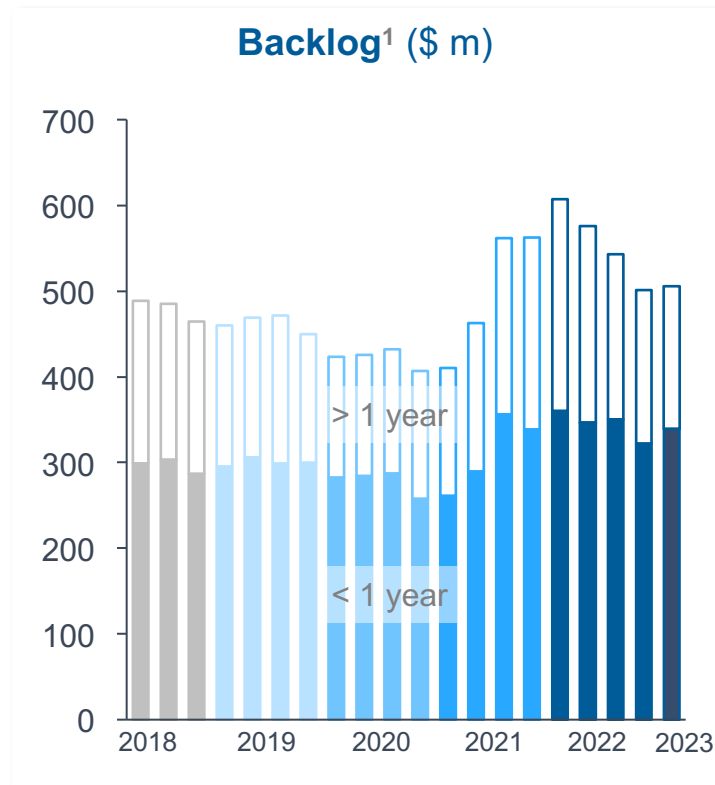
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Backlog¹

- **\$506.0 m backlog¹**
 - \$339.2 m shippable in the next 12 months
- **1.25 book-to-bill ratio¹**
- Within 12 months backlog¹ increased compared to year-end due to delays in the delivery of some orders
- The backlog¹ was negatively impacted by the weakening of the euro spot rate against the U.S. dollar since the beginning of the fiscal year which represented \$12.8 m at the end of the quarter.



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Sunbelt: a large, loyal and long-time customer



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- Global provider of flow control solutions
- Headquartered in Houston, Texas
- 27 stocking locations including USA, Canada, and China
- Large and diversified inventories of valves, actuators, pipe, flanges and fittings
- Strong presence in refining and petrochemical industries
- Partnership to drive sales for HF Acid and Coker product lines in USA
- Velan authorized Automation Service Center
- Customer since 1993

\$18M frame agreement for Florida Power & Light

- Agreement originally signed in November 2019
- Annual price indexation clause
- Application of an additional price increase in 2022 due to significant increases in material, energy and transportation costs.
- FP&L has accepted the price increase and will not go out for bidding for the remaining scope of valves, but will sole source from Velan
- Bookings from FP&L since we signed the agreement amount to 12M\$
- All valves are Parallel Slide Gates and Y-Pattern Stop Checks with F91, Type 2 Forgings that meet the latest EPRI buttering layers and hard-facing



\$18M frame agreement for Florida Power & Light

- Location: Florida (USA)
- Application: HP/HRH/Blending Main Steam Stop valves
- Scope: 130 pcs. F91 valves ranging in sizes from 12" to 24" (600# - 2500# Class)
- End User: FP & L - Sanford, Manatee, Port Everglades, Riviera Beach, Cape Canaveral, and Turkey Point
- Competition: WEIR, Sempell (Emerson) and Crane/Pacific. Valves that are being replaced include HP, Powell, L & T, as well as existing Velan valves



Securaseal® valves for ebullated bed project

- Velan has been certified by Axens to supply ANSI-2500 severe service ball valves for ebullated bed hydrocracking
- Velan is one of the only two companies in the world having Axens full certification for ebullated bed hydrocracking
- This new certificate is an extension of the original agreement signed between Axens and Velan in 2019 that was limited up to ANSI-1500.



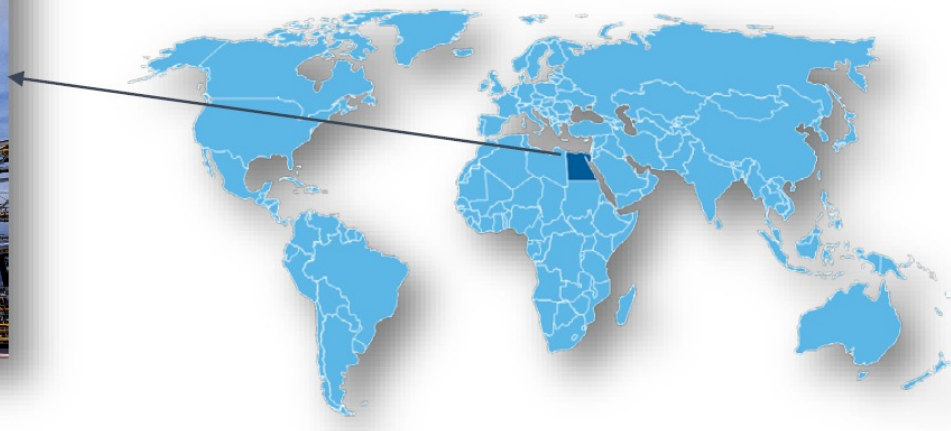
The operational team in Granby, Canada in front of two 20" Class 2500 metal-seated ball valves, part of a major order for an ebullated bed project.

China, Korea, Italy and Canada collaborate on a refining/petrochemical complex in China

- Two 24" Class 2500 gate valves in Velan Valves (Suzhou) plant to be installed in a refining and petrochemicals complex in China.
- The project was a team effort with collaboration between our plants in China, Korea, Italy, and Canada.

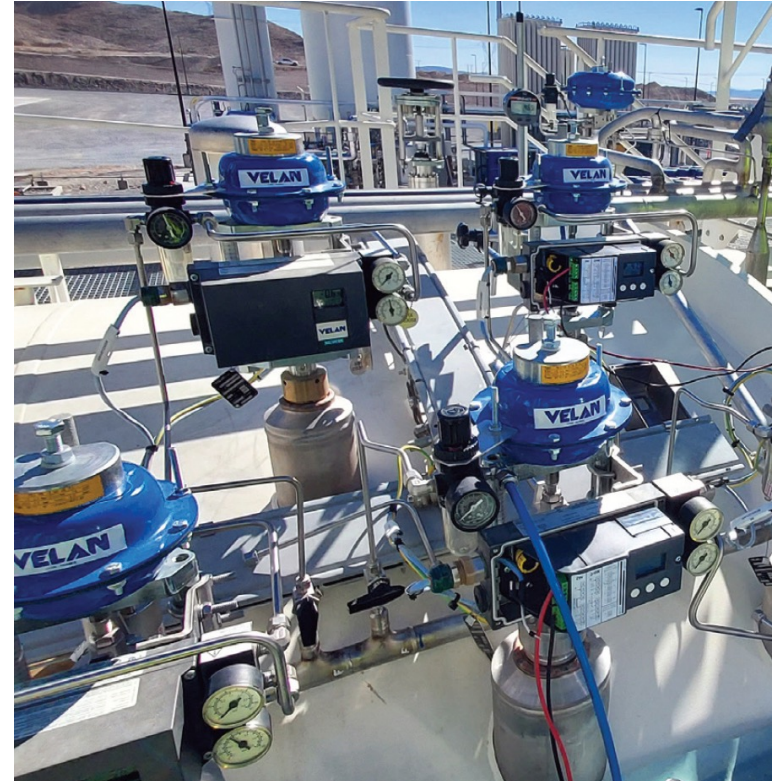


Assiout Coker project in Egypt



Cryogenic globe valves from Velan S.A.S.

- 48 Cryogenic angle and straight regulating globe valves installed in a liquid hydrogen production plant located on the west coast of the United States and manufactured by Velan S.A.S., in France.
- This is the first large-scale liquid hydrogen production unit located in Nevada, USA, next to Las Vegas!



\$1.8M order for US Liquid Hydrogen Production Plant

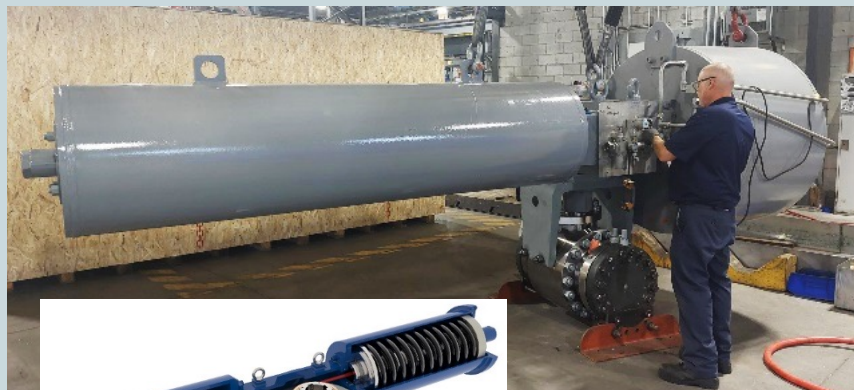
- Location: South Korea
- Application: Liquid hydrogen production
- End user: SK E&S
- Engineering: Air Liquide
- Owner & operator: SK E&S
- Velan scope: 112 Cryogenic
ACRG & SCRG
Globe Control valves
DN15 to DN100



A few innovative projects(I)

Velan ABV

Largest VABV Cable Drive Actuator ever manufactured



Cable Drive Actuator
(US Patented)

Slurry Pipeline Prototype

Developing NPS 26 #1500 will be the largest and heaviest Securaseal Metal-seated ball valve (> 30 tons)



20" ANSI-2500 MSBV

IIOT Project in France and Italy

France

- Project name: VELAN Operative Connected Technology (“Vel-OCT”)
- Total Investment: 2 M\$ (80% Subsidized by Local region Rhone Alpe)
- Purpose: Monitoring system for Predictive maintenance of Nuclear Inside Containment critical valves



Italy

- V-BOX for valves diagnostics
- Understanding the reliability of the plant in advance and possible scenarios regarding valve behavior
- V-Flange for valve monitoring
 - To record historical data of the valve

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Outlook for the year 2023



*Bruno Carbonaro
President and CEO*

“We presented similar sales and gross profit as last year, but we were impacted by certain market volatility and governmental documentation delays which would have allowed us to realize improved results. We are nonetheless working very hard to resolve these delays, and as well are working on several strategic initiatives such as growing our pipeline of new products and improving our aftermarket business. Finally, we are always focusing time and attention to improve our operational flexibility and efficiency which is how we believe we can get to the next level in terms of financial results.”

Thank you



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