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PRESS RELEASE

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FOR IMMEDIATE RELEASE

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VELAN INC. REPORTS SOLID FOURTH QUARTER FINANCIAL RESULTS TO CLOSE FISCAL YEAR 2022/23

MONTREAL, QUEBEC

Velan Inc. (TSX: VLN) (the "Company"), a world-leading manufacturer of industrial valves, announced today its financial results for its fiscal year and fourth quarter ended February 28, 2023.

Highlights:

- On February 10th, 2023, Flowserve Corporation ("Flowserve") (NYSE: FLS), a leading provider of flow control products and services for the global infrastructure markets, and Velan Inc. announced that they have entered into a definitive agreement under which Flowserve will acquire Velan in an all cash transaction (the "transaction") valued at approximately $245 million (C$329 million). The resolution relating to the transaction was approved by 99.99% of the votes cast by all Velan Inc. shareholders.
- Sales for the quarter amounted to $115.1 million, a decrease of 9.7 million or 7.8% compared to last year. The decrease in sales is primarily due to a $8.8 million reduction in the prior fiscal year of the Company's provision for performance guarantees.
- Gross profit for the quarter of $39.9 million, a decrease of $7.8 million or 16.3% from the previous year. The gross profit percentage for the quarter decreased by 350 basis points from 38.2% to 34.7%. The gross profit decrease is mainly due to the sales decrease.
- Throughout the last several years the asbestos related costs have shown an increasing trend. Following additional information obtained during the strategic review process and throughout the fourth quarter of the fiscal year, the Company's management was able to estimate the impact of future unknown asbestos settlement costs. The result of this evaluation led to a non-recurring charge of $56.0 million to increase the Company's asbestos provision. Important to note that the asbestos provision does not provide for legal related costs for defense.
- Net loss[1] of $47.2 million for the quarter compared to $25.6 million last year. Adjusted net income[2] of $8.8 million before a $56.0 million charge to increase the Company's asbestos provision to reflect the potential settlement value of future unknown claims based on actuarial study.
- Adjusted EBITDA[2] of $16.4 million for the quarter, a slight decrease of $0.1 million or 0.7%. The slight decrease in adjusted EBITDA[2] for the quarter is primarily attributable to the previously explained decrease in gross profit, higher other expense and a $4.6 million non-recurring gain, after minority interests, on the disposal of the Company's investment in Juwon Steel Co. Ltd in the fourth quarter of the prior fiscal year. These negative movements were largely offset by a reduction in administration costs excluding the $56.0 million adjustment to the asbestos provision. Important to note that the asbestos provision does not provide for legal related costs for defense.

- Net new orders ("bookings")[2] of $87.1 million for the quarter, an increase of $1.0 million or 13.0% compared to the previous fiscal quarter.
- Order backlog[2] of $464.3 million at the end of the fiscal year, of which 66.3% of orders are deliverable within the next 12 months. Prior year order backlog totaled $501.2 million and included 64.2% of orders deliverable in the next 12 months. The weakening of the euro spot rate against the U.S. dollar since the beginning of the fiscal year represented $17.3 million of the decrease.
- During the quarter, the Company generated $20.9 million of net cash primarily through its operating activities. The Company's net cash amounted to $50.3 million at the end of the quarter, a decrease of $3.2 million or 6.0% compared to the previous fiscal year. The overall available liquidity remains strong with $140.9 million of available cash on-hand and facilities.
- The Board declared an eligible quarterly dividend of CA$0.03 per share, payable on June 30, 2023, to all shareholders of record as at June 16, 2023.

Bruno Carbonaro, CEO and President of Velan Inc., said, "Fiscal 2023 was challenging as we faced various problems in terms of logistics and operations, especially in the first quarter, which impacted the delivery of several significant orders. We were however able to prudently manage the business while facing these headwinds and improve our results gradually as the year progressed. We reported a significant net loss[1] this year due to an important increase of our asbestos provision that now provides for all estimated future settlement costs. Addressing these costs head on remains a top priority. Nevertheless, in the end, we were able to report an adjusted net income[2] as well as an adjusted EBITDA[2], the second highest since fiscal 2017. We continue to preserve our net cash, by managing diligently our working capital, as our overall liquidity remains solid. We also feel confident as we foresee a large opportunity base for future bookings[2]. Finally, we will continue to work with Flowserve in order to ensure a successful closing of the transaction announced earlier this year in February."

Financial Highlights:

	Three-month periods ended		Fiscal years ended	
(thousands of U.S. dollars, excluding per share amounts)	**February 28, 2023**	**February 28, 2022**	**February 28, 2023**	**February 28, 2022**
Sales	$115,141	$124,849	$370,429	$411,242
Gross profit	39,945	47,723	112,465	134,969
Gross profit %	34.7%	38.2%	30.4%	32.8%
Net loss[1]	(47,164)	(25,590)	(55,453)	(21,141)
Net loss[1] per share – basic and diluted	(2.18)	(1.19)	(2.57)	(0.98)
Adjusted net income[1]	8,790	7,013	501	11,462
Adjusted net income[1] per share – basic and diluted	0.41	0.32	0.02	0.53
Adjusted EBITDA[2]	16,468	16,592	21,092	39,599
Adjusted EBITDA[2] per share – basic and diluted	0.76	0.77	0.98	1.83

Fourth Quarter Fiscal 2023 (unless otherwise noted, all amounts are in U.S. dollars and all comparisons are to the fourth quarter of fiscal 2022):

- Sales for the quarter amounted to $115.1 million, an increase from the previous quarter of $19.9 million or 20.9%, but a decrease of $9.7 million or 7.8% compared to the last quarter of the previous year. The negative effect of the weakening of the euro average rate against the U.S. dollar on sales for the quarter amounted to $3.8 million compared to the fourth quarter of the last fiscal year. Sales for the quarter were negatively impacted by decreased shipments by the Company's Italian operations of orders destined to the oil and gas markets. The Company's sales in the prior year's fourth quarter were also positively impacted by a revaluation of the provision for performance guarantees of $8.8 million. Finally, these negative impacts to sales for the quarter were partially offset by increased MRO sales in the Company's North American operation.
- Bookings[2] for the quarter amounted to $87.1 million, an increase of $10.0 million or 13.0%. The weakening of the euro average rate against the U.S. dollar on order bookings[1] for the Company's European operations resulted in a negative impact of $3.6 million in the fourth quarter compared to the prior year. This increase for the quarter is attributable to higher bookings[2] in the Company's French and German subsidiaries, mostly in the nuclear market, partially offset by lower bookings[1] in the Company's Italian operations, notably in terms of downstream oil and gas orders.
- Gross profit for the quarter amounted to $39.9 million, an increase from the previous quarter of $11.0 million or 37.9%, but a decrease of $7.8 million or 16.3% compared to the last quarter of the previous year. The gross profit percentage for the quarter of 34.7% was a decrease of 350 basis points compared to last year's final quarter. The decrease in gross profit percentage for quarter is primarily attributable to the lower sales volume which impacted the absorption of fixed production overhead costs. The change in the gross profit percentage was also negatively impacted by the favorable revaluation of the provision for performance guarantees in the prior year. Additionally, the Company's gross profit benefitted from a favorable revaluation of its inventory provision based on new estimates relating to changes in market demand. Finally, the Company's gross profit for the quarter was negatively impacted by unfavorable foreign exchange movements, when compared to similar movements from the previous year, which were primarily made up of unrealized foreign exchange translations related to the fluctuation of the U.S. dollar against the euro and Canadian dollar.
- Administration costs before non-recurring items for the quarter amounted to $24.9 million, a decrease of $0.9 million or 3.3% compared to last fiscal year. Administration costs, when adjusted for these non-recurring items, were comparable to the prior year's final quarter. Administration costs for the quarter were negatively impacted by a $56.0 million charge to increase the Company's asbestos provision to reflect the potential settlement value of future unknown claims based on an actuarial study. Prior year numbers included a $13.1 million charge to increase the Company's asbestos provision to account for all known litigations rather than only settled amounts. Unadjusted administration costs for the quarter amounted to $80.8 million, an increase of $42,0 million or 108.1% compared to the last quarter of the previous fiscal year.
- Net loss[1] for the quarter amounted to $47.2 million or $2.18 per share compared to $25.6 million or $1.19 per share last year. The net loss[1] for the quarter was significantly impacted by a $56.0 million charge to increase the Company's asbestos provision to reflect the potential settlement value of future unknown claims based on an actuarial study. The net loss[1] in the prior year's last quarter was significantly impacted by a $32.6 million non-cash tax adjustment to derecognize a portion of the Company's deferred tax asset. Excluding these adjustments, the Company's adjusted net income[2] for the quarter amounted to $8.8 million or $0.41 per share compared to $7.0 million or $0.32 per share last year. Adjusted EBITDA[2] for the quarter amounted to $16.5 million or $0.76 per share compared to $16.6 million or $0.77 per share last year. The slight decrease in adjusted EBITDA[2] for the quarter is primarily attributable to the previously explained decrease in gross profit, higher other expense and a $4.6 million non-recurring gain, after minority interests, on the disposal of the Company's investment in Juwon Steel Co. Ltd in the fourth quarter of the prior fiscal year. The increase in other expense is primarily attributable to the recording of a $1.8 million other provision related to a commodity tax audit. These negative movements in adjusted EBITDA[2] were almost entirely offset by a reduction in administration costs,

excluding the $56.0 million adjustment to the asbestos provision. The movement in the Company's adjusted results was primarily attributable to the same factors as for adjusted EBITDA[2], coupled with a favorable movement in income taxes.

Year ended Fiscal 2023 (unless otherwise noted, all amounts are in U.S. dollars and all comparisons are to the prior fiscal year):

- Sales for the fiscal year amounted to 370.4 million, a decrease of $40.8 million or 9.9% compared to last year. The negative effect of the weakening of the euro average rate against the U.S. dollar on sales for the fiscal year amounted to $20.0 million compared to last fiscal year. Sales for the year were negatively impacted by decreased shipments by the Company's Italian operations of orders destined to the oil and gas markets. The Company's sales in the prior year were also positively impacted by a revaluation of the provision for performance guarantees of $13.2 million. Sales for the fiscal year were negatively impacted by decreased shipments by the Company's North American operations of large project orders destined primarily to the petrochemical market. Finally, these negative impacts to sales for the year were partially offset by increased MRO sales in the Company's North American operation. The fiscal year sales were also positively impacted by the recognition of a $10.9 million order destined to the process market.

- Bookings[2] for the fiscal year amounted to $353.2 million, a decrease of $10.3 million or 2.8% compared to the previous year. The weakening of the euro average rate against the U.S. dollar on order bookings[1] for the Company's European operations resulted in a negative impact of $17.3 million on the fiscal year compared to the prior year. The decrease for the fiscal year is partly attributable to lower bookings[2] in the Company's Italian operations, which recorded significant downstream oil and gas orders in the previous year and were negatively impacted by project delays in the current year. This decrease was partially offset by higher nuclear and Navy orders recorded by Company's French and North American operations in the current fiscal year. The decrease for fiscal year is also attributable to the disposal of the Company's Korean foundry at the end of the previous fiscal year. The Korean foundry had recorded $5.5 million of bookings[1] in the prior fiscal year.

- As a result of sales outpacing bookings[2] in the fiscal year, the Company's book-to-bill ratio[2] was 0.95 for the year. Total backlog[2] decreased by $36.9 million or 7.4% since the beginning of the fiscal year, amounting to $464.3 million as at February 28, 2023. The reduction of the backlog[2] is primarily due to the weakening of the euro spot rate against the U.S. dollar since the beginning of the fiscal year which represented $17.3 million. The Company's backlog[1] deliverable within a year is slightly lower than last year.

- Gross profit for the fiscal year amounted to $112.5 million, a decrease of $22.5 million or 16.7% compared to last year. The gross profit of 30.4% represented a decrease of 240 basis points compared to last year. The decrease in gross profit percentage for the fiscal year is primarily attributable to the lower sales volume which impacted the absorption of fixed production overhead costs. The change in the gross profit percentage was also negatively impacted by the favorable revaluation of the provision for performance guarantees in the prior year. Additionally, the Company's gross profit benefitted from a favorable revaluation of its inventory provision based on new estimates relating to changes in market demand.

- Administration costs before non-recurring items for the fiscal year amounted to $100.8 million, an increase of $0.9 million or 0.9% compared to the previous year. Administration costs, when adjusted for these non-recurring items, were comparable to the prior fiscal year. The slight increase for the year is primarily attributable to costs incurred related to the announced transaction. Administration costs for the fiscal year were negatively impacted by a $56.0 million charge to increase the Company's asbestos provision to reflect the potential settlement value of future unknown claims based on an actuarial study. Prior year numbers included a $13.1 million charge to increase the Company's asbestos provision to account for all known litigations rather than only settled amounts. Unadjusted administration costs for the fiscal year amounted to $156.8 million, an increase of $43.7 million or 38.7% compared to last year.

- Net loss[1] for the year amounted to $55.5 million or $2.57 per share compared to $21.1 million or $0.98 per share last year. The net loss[1] for the fiscal year was significantly impacted by a $56.0 million charge to increase the Company's asbestos provision to reflect the potential settlement value of future unknown claims based on an actuarial study. The net loss[1] in the prior fiscal year was significantly impacted by a $32.6 million non-cash tax adjustment to derecognize a portion of the Company's deferred tax asset. Excluding these adjustments, the Company's adjusted net income[2] for the fiscal year amounted to $0.5 million or $0.02 per share compared to $11.5 million or $0.53 per share last year. Adjusted EBITDA[2] for the fiscal year amounted to $21.1 million or $0.98 per share compared to $39.6 million or $1.83 per share last year. The decrease in adjusted EBITDA[1] is primarily attributable to the previously explained decrease in gross profit, higher other expense and a $4.6 million non-recurring gain, after minority interests, on the disposal of the Company's investment in Juwon Steel Co. Ltd in the fourth quarter of the prior fiscal year. The increase in other expense is primarily attributable to the recording of a $2.1 million other provision related to a commodity tax audit. The movement in the Company's adjusted results was primarily attributable to the same factors as for adjusted EBITDA[2], coupled a with favorable movement in income taxes.

Dividend

The Board declared an eligible quarterly dividend of CA$0.03 per share, payable on June 30, 2023, to all shareholders of record as at June 16, 2023.

Conference call

Financial analysts, shareholders, and other interested individuals are invited to attend the fourth quarter conference call to be held on Thursday, May 18, 2023, at 12:00 p.m. (EDT). The toll free call-in number is 1-800-954-0633, access code 22026910. 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 Relation*s section (https://www.velan.com/en/company/investor_relations). A recording of this conference call will be available for seven days at 1-416-626-4100 or 1-800-558-5253, access code 22026910.

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 of US$370.4 million in its last reported fiscal year. The Company employs approximately 1,650 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. Company has also presented supplementary financial measures which are defined at the end of this report. Reconciliation and definition can be found below and on the next page.

Adjusted net income and Adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA")

(thousands, except amount per shares)	Three-month periods ended February 28, 2023 $	February 28, 2022 $	Fiscal year ended February 28, 2023 $	February 28, 2022 $
Net loss[1]	(47,164)	(25,590)	(55,453)	(21,141)
Adjustment for:				
Derecognition of deferred tax assets	-	32,603	-	32,603
Adjustment to asbestos provision	55,954	-	55,954	-
Adjusted net income	**8,790**	**7,013**	**501**	**11,462**
Adjusted net income per share				
- Basic and diluted	0.41	0.32	0.02	0.53
Adjustments for:				
Depreciation of property, plant and equipment	2,452	2,401	8,722	9,591
Amortization of intangible assets	608	753	2,272	2,318
Finance costs – net	516	725	1,552	2,400
Income taxes (excluding Derecognition of deferred tax asset)	4,102	5,700	8,045	13,828
Adjusted EBITDA	**16,468**	**16,592**	**21,092**	**39,599**
Adjusted EBITDA per share				
- Basic and diluted	0.76	0.77	0.98	1.83

The term “Adjusted net income” is defined as net income or loss attributable to Subordinate and Multiple Voting Shares plus de-recognition of deferred tax assets, plus adjustment to asbestos provision. The terms “Adjusted net income per share” is obtained by dividing Adjusted net income 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 “Adjusted EBITDA” is defined as net income or loss attributable to Subordinate and Multiple Voting Shares plus depreciation of property, plant & equipment, plus amortization of intangible assets, plus net finance costs, plus income tax provision. The terms “Adjusted EBITDA per share” is obtained by dividing Adjusted EBITDA 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.

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 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.

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

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[1] *Net earnings or loss refer to net income or loss attributable to Subordinate and Multiple Voting Shares*
[2] *Non-IFRS and supplementary financial measures – see explanation above*

VELAN

Consolidated Statements of Financial Position

(in thousands of U.S. dollars)

	As at	
	February 28, 2023 $	February 28, 2022 $
Assets		
Current assets		
Cash and cash equivalents	50,513	54,015
Short-term investments	37	8,726
Accounts receivable	121,053	115,834
Income taxes recoverable	6,195	2,955
Inventories	202,649	223,198
Deposits and prepaid expenses	7,559	6,877
Derivative assets	107	553
	388,113	412,158
Non-current assets		
Property, plant and equipment	68,205	73,906
Intangible assets and goodwill	16,153	16,693
Deferred income taxes	4,663	4,774
Other assets	723	897
	89,744	96,270
Total assets	477,857	508,428
Liabilities		
Current liabilities		
Bank indebtedness	260	550
Accounts payable and accrued liabilities	79,408	80,503
Income taxes payable	2,832	3,806
Customer deposits	28,201	41,344
Provisions	16,485	18,444
Derivative liabilities	299	560
Current portion of long-term lease liabilities	1,298	1,360
Current portion of long-term debt	8,177	8,111
	136,960	154,678
Non-current liabilities		
Long-term lease liabilities	9,458	11,073
Long-term debt	21,719	22,927
Income taxes payable	933	1,244
Deferred income taxes	3,966	4,025
Customer deposits	27,937	30,139
Provisions	70,924	13,101
Other liabilities	5,125	5,731
	140,062	88,240
Total liabilities	277,022	242,918
Total equity	200,835	265,510
Total liabilities and equity	477,857	508,428

Consolidated Statements of Loss

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

	Three-month periods ended		Fiscal years ended	
	February 28, 2023 $	February 28, 2022 $	February 28, 2023 $	February 28, 2022 $
Sales	115,141	124,849	370,429	411,242
Cost of sales	75,196	77,126	257,964	276,273
Gross profit	39,945	47,723	112,465	134,969
Administration costs	80,841	38,848	156,759	113,039
Gain on disposal of Juwon Special Steel Co. Ltd.	-	(16,108)	-	(16,108)
Other expense (income)	1,700	(2)	1,568	(538)
Operating profit (loss)	(42,596)	24,985	(45,862)	38,576
Finance income	240	25	467	392
Finance costs	(758)	(750)	(2,019)	(2,792)
Finance costs – net	(518)	(725)	(1,552)	(2,400)
Income (loss) before income taxes	(43,114)	24,260	(47,414)	36,176
Income tax expense	4,102	38,303	8,045	46,431
Net loss for the period	(47,216)	(14,043)	(55,459)	(10,255)
Net income (loss) attributable to:				
Subordinate Voting Shares and Multiple Voting Shares	**(47,164)**	**(25,590)**	**(55,453)**	**(21,141)**
Non-controlling interest	(52)	11,547	(6)	10,886
Net loss for the period	(47,216)	(14,043)	(55,459)	(10,255)
Net loss per Subordinate and Multiple Voting Share				
Basic and diluted	(2.18)	(1.19)	(2.57)	(0.98)
Dividends declared per Subordinate and Multiple Voting Share	- (CA$ -)	- (CA$ -)	0.02 (CA$0.03)	- (CA$-)
Total weighted average number of Subordinate and Multiple Voting Shares				
Basic and diluted	21,585,635	21,585,635	21,585,635	21,585,635

VELAN

Consolidated Statements of Comprehensive Loss

(in thousands of U.S. dollars)

	Three-month periods ended		Fiscal years ended	
	February 28, 2023 $	February 28, 2022 $	February 28, 2023 $	February 28, 2022 $
Comprehensive loss				
Net loss for the period	(47,216)	(14,043)	(55,459)	(10,255)
Other comprehensive income (loss)				
Foreign currency translation	1,423	(1,657)	(8,985)	(11,159)
Comprehensive loss	(45,793)	(15,700)	(64,444)	(21,414)
Comprehensive income (loss) attributable to:				
Subordinate Voting Shares and Multiple Voting Shares	(45,741)	(27,253)	(64,438)	(32,260)
Non-controlling interest	(52)	11,553	(6)	10,846
Comprehensive loss	(45,793)	(15,700)	(64,444)	(21,414)

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

VELAN

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 loss	Retained earnings	Total	Non-controlling interest	Total equity
Balance - February 28, 2021	72,695	6,260	(21,007)	239,136	297,084	3,137	300,221
Net income (loss) for the year	-	-	-	(21,141)	(21,141)	10,886	(10,255)
Other comprehensive loss	-	-	(11,119)	-	(11,119)	(40)	(11,159)
Comprehensive income (loss)	-	-	(11,119)	(21,141)	(32,260)	10,846	(21,414)
Disposal of non-controlling interests	-	-	-	-	-	(12,454)	(12,454)
Dividends							
Non-controlling interest	-	-	-	-	-	(843)	(843)
Balance - February 28, 2022	72,695	6,260	(32,126)	217,995	264,824	686	265,510
Net loss for the year	-	-	-	(55,453)	(55,453)	(6)	(55,459)
Other comprehensive loss	-	-	(8,985)	-	(8,985)	-	(8,985)
Comprehensive loss	-	-	(8,985)	(55,453)	(64,438)	(6)	(64,444)
Acquisition of non-controlling interests	-	-	-	-	-	266	266
Other	-	-	(97)	97	-	-	-
Dividends							
Multiple Voting Shares	-	-	-	(366)	(366)	-	(366)
Subordinate Voting Shares	-	-	-	(131)	(131)	-	(131)
Balance - February 28, 2023	72,695	6,260	(41,208)	162,142	199,889	946	200,835

VELAN

Consolidated Statements of Cash Flow

(in thousands of U.S. dollars)

	Three-month periods ended		Fiscal years ended	
	February 28, 2023 $	**February 28, 2022 $**	**February 28, 2023 $**	**February 28, 2022 $**
Cash flows from				
Operating activities				
Net loss for the period	(47,216)	(14,043)	(55,459)	(10,255)
Adjustments to reconcile net loss to cash provided by operating activities	64,794	34,177	67,553	45,152
Changes in non-cash working capital items	911	(12,258)	(11,572)	(17,029)
Cash provided by operating activities	18,489	7,876	522	17,868
Investing activities				
Short-term investments	9,367	(7,022)	8,250	(8,708)
Additions to property, plant and equipment	(1,385)	(1,196)	(4,370)	(6,144)
Additions to intangible assets	(903)	(1,147)	(2,219)	(2,477)
Proceeds on disposal of property, plant and equipment	141	16,454	185	30,183
Proceeds on disposal of Juwon Steel Co. Ltd. net of cash disposal	-	(12,684)	-	(12,684)
Net change in other assets	(117)	(171)	(87)	(196)
Cash provided (used) by investing activities	7,103	(5,766)	1,759	(26)
Financing activities				
Dividends paid to Subordinate and Multiple Voting shareholders	-	-	(497)	-
Dividends paid to non-controlling interest	-	(843)	-	(843)
Acquisition of non-controlling interests	266	-	266	-
Short-term bank loans	-	(35)	-	-
Net change in revolving credit facility	(5,373)	(16,508)	-	(22,132)
Increase in long-term debt	1,506	1,985	3,666	7,874
Repayment of long-term debt	(683)	(654)	(4,398)	(6,722)
Repayment of long-term lease liabilities	(566)	(412)	(1,657)	(1,696)
Cash provided (used) by financing activities	(4,850)	(16,467)	(2,620)	(23,519)
Effect of exchange rate differences on cash	200	(159)	(2,873)	(3,811)
Change in cash and cash equivalents from reclassification of cash and cash equivalents as held of sale	-	2,144	-	-
Net change in cash during the period	20,942	(12,372)	(3,212)	(9,488)
Net cash – Beginning of the period	29,311	65,837	53,465	62,953
Net cash – End of the period	50,253	53,465	50,253	53,465
Net cash is composed of:				
Cash and cash equivalents	50,513	54,015	50,513	54,015
Bank indebtedness	(260)	(550)	(260)	(550)
Net cash – End of the period	50,253	53,465	50,253	53,465
Supplementary information				
Interest paid	(524)	(149)	(974)	(1,509)
Income taxes paid	(1,361)	(927)	(8,160)	(4,293)