

FAQ: SHARE CONSOLIDATION PROPOSAL

What is a “share consolidation” or “reverse split”?

A “share consolidation” or “reverse split” decreases the total number of Valens’ shares trading in the market, with each post consolidation share increasing in value proportionate to the reduction in the total number of shares.

Why is Valens considering it?

Among other requirements, in order to qualify for listing on the Nasdaq Capital Market, the Company’s share price must be greater than the required minimum for a specified period prior to the date of acceptance of the Nasdaq Capital Market listing application.

Valens believes that listing on the Nasdaq Capital Market (“NASDAQ”) will provide the Company with enhanced liquidity while attracting larger institutional investors. It is important to note that the Company may not need to effect a share consolidation depending on where its share price is trading just prior to NASDAQ listing (assuming the listing application is approved). However, out of an abundance of caution, Valens wanted to have this option available if it is required to qualify at that time. As the Company has stated earlier, it believes that the NASDAQ listing will generate a number of potential benefits for its shareholders. If a share consolidation is required, Valens intends to keep the share price at a reasonable amount immediately post consolidation to give every shareholder easier access to buy even a small amount of shares.

What does this mean for investors?

If the share consolidation is effected, Valens’ share price will increase while the number of shares an investor holds will decrease proportionally, but **the net impact on total value is \$0**. In other words, the total value of all the shares an investor holds will not change as a result of the share consolidation.

By way of example only:

	Current	3 : 1 Share Consolidation
<i>(USD unless otherwise noted)</i>		
"Company XYZ" Share Price	\$1.00	\$3.00
Number of Shares Owned	1000	333
Total Value of Shares	\$1,000.00	\$1,000.00
<i>Change in Value</i>		<i>\$0.00</i>

For more information on NASDAQ listing requirements, please click [here](#).

For more information on the proposed share consolidation, please click [here](#) to access a copy of the Management Information Circular of Valens for the annual and special meeting of shareholders of Valens to be held on May 25, 2021.