

Covalon Releases Second Quarter Financial Results

- 250% growth in revenue for the six months ended March 31, 2017
- Over \$1 million in profit on \$11.6 million in revenue for the six-month period

MISSISSAUGA, Ontario – May 29, 2017 – /Business Wire/ - Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV), an advanced medical technologies company, announced today its second quarter financial results, which included revenue of \$6,005,336 and net income of \$473,524 or \$0.02 per share for the three months ended March 31, 2017 and revenue of \$11,571,005 and net income of \$1,011,188 or \$0.05 per share for the six months ended March 31, 2017. These results show a significant improvement compared to revenue of \$797,748 and a net loss of \$1,065,517 or \$0.10 per share for the three months ended March 31, 2016 and revenue of \$3,238,381 and net loss of \$798,533 or \$0.08 per share for the six months ended March 31, 2016. This improvement in the Company's revenue in the first six months, compared to the prior year, is due to shipments of IV Clear and ColActive Plus products, including fulfilling tenders awarded to the Company by the Ministry of Health in Saudi Arabia. Gross margins increased to 78% or \$4,700,634 for the three months ended March 31, 2017, compared to 60% in the comparative period, driven mainly by product mix and volume.

Brian Pedlar, Covalon's CEO, stated:

"The first six months of this fiscal year have resulted in solid financial results for Covalon both in terms of revenue growth and profitability. We experienced over 250% growth in revenue so far this year and over \$1 million in profits posted in the past six months.

Our success is a direct result of executing our business model of competing in markets where we believe Covalon can achieve a strong success. In fiscal 2016, we focused heavily on the health care tender process in the Middle East and won significant tenders that we are currently fulfilling. We expect that deliveries under the tender contracts will continue for the next two quarters. We also expect to renew tenders in Saudi Arabia for fiscal 2018 at least equivalent to the amount awarded to Covalon this past year.

We are in the process of replicating our business model and success in other markets, which includes Mexico, Colombia, the United Kingdom, Korea, and selected markets in the United States. We also anticipate entering more markets over the course of the next six months. I am extremely confident in our ability to compete with all the major players in the health care vertical markets we enter. Our business model can rapidly scale up and our products deliver strong clinical and financial value to the clinicians and medical facilities that use them.

We anticipate that our results in the three months ended March 31, 2017 will represent the level of business we can expect over the next quarter, with additional growth in our fourth quarter ending September 30, 2017.

The next 12 months will be very exciting for Covalon as we grow our business in Latin America, the United States, Asia, and Europe. These markets will begin to build on our strong financial performance experienced during the six months ended March 31, 2017. I am looking forward to accelerating our



growth and expansion by pursuing strategic acquisitions and seeing an increase in shareholder value as a result.”

A conference call to discuss Covalon's financial results will be held Tuesday May 30, 2017 at 9:00 a.m. EDT. To participate in the call please dial:

Local / International: 416-640-5946
North American Toll- Free: 1 866-233-4585

To learn more about Covalon, please contact:

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About Covalon

Covalon Technologies Ltd. researches, develops and commercializes new healthcare technologies that help save lives around the world. Covalon's patented technologies, products and services address the advanced healthcare needs of medical device companies, healthcare providers and individual consumers. Covalon's technologies are used to prevent, detect and manage medical conditions in specialty areas such as wound care, tissue repair, infection control, disease management, medical device coatings and biocompatibility. To learn more about Covalon, visit our website at www.covalon.com

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This news release contains forward-looking statements which reflect the Company's current expectations regarding future events. The forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "estimate", "expect", "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These forward-looking statements involve risk and uncertainties, including the difficulty in predicting product approvals, acceptance of and demands for new products, the impact of the products and pricing strategies of competitors, delays in developing and launching new products, the regulatory environment, fluctuations in operating results and other risks, any of which could cause results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. Many risks are inherent in the industry; others are more specific to the Company. Investors should consult the Company's ongoing quarterly filings for additional information on risks and uncertainties relating to these forward-looking statements. Investors should not place undue reliance on any forward-looking statements. The Company assumes no obligation to update or alter any forward-looking statements whether as a result of new information, further events or otherwise.

- 30 -