

Covalon Releases Third Quarter Financial Results

- 200% growth in revenue for the nine months ended June 30, 2017
- Revenue of \$17.5 million for the nine-month period and profit of \$1.6 million

MISSISSAUGA, Ontario – August 21, 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 \$5,901,622 and net income of \$541,346 or \$0.02 per share for the three months ended June 30, 2017 and revenue of \$17,472,628 and net income of \$1,552,534 or \$0.07 per share for the nine months ended June 30, 2017. These results show a significant improvement compared to revenue of \$2,600,002 and a net loss of \$156,792 or \$0.02 per share for the three months ended June 30, 2016 and revenue of \$5,838,384 and net loss of \$956,087 or \$0.09 per share for the nine months ended June 30, 2017. This improvement in the Company's revenue in the first nine 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 and growth in the United States. Gross margins increased to 79% or \$13,766,932 for the nine months ended June 30, 2017, compared to 65% in the comparative period, driven mainly by product mix and volume.

Brian Pedlar, Covalon's CEO, stated:

"We have continued our solid financial growth this past quarter, with year-to-date revenue growth of over 200% to \$17.5 million and profitability of \$1.6 million. Revenue growth this year has been driven by our success in the Middle East and continued steady growth in the United States of our IV Clear vascular access dressings and our ColActive Plus advanced wound care dressings. We have continued to expand our penetration of new markets in Latin America, Europe and Asia during this past quarter.

We have proven that we can compete with the largest companies in our markets based on the strength of our products. We continue to hear from clinicians every day that our products make a significant difference in protecting their patients from infection and helping them to heal. To that end, we have launched a number of products over the past year, including an improved version of IV Clear, significant expansion of our CovaWound line of advanced wound care products and several new MediClear branded products in our peri-operative portfolio.

During our third quarter, we also launched our new Centaur Coating technology that has significant advantages for companies looking to upgrade existing product lines with new low friction, low particulate enhancements that can also provide antimicrobial protection to patients. This technology has been demonstrated to be highly effective for improving the safety and functionality of intravascular medical devices such as catheters, guidewires and delivery sheaths where the presence of unwanted particulate can cause significant patient complications.

We anticipate that we will end the current fiscal year with additional growth in our fourth quarter ending September 30, 2017. I am looking forward to accelerating our growth and expansion by expanding our business interests in new territories and pursuing strategic acquisitions. We are well positioned for



continued growth into fiscal 2018 and seeing our success translate to increases in shareholder value as a result.”

A conference call to discuss Covalon’s financial results will be held Tuesday August 22, 2017 at 9:00 a.m. EST. 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.