

Covalon CEO Provides Corporate Update

MISSISSAUGA, Ontario--(BUSINESS WIRE)--July 25, 2019--Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV; OTCQX: CVALF), an advanced medical technologies company, wishes to provide the following corporate update:

- The team at Covalon continues to make progress in strengthening our business. Our sales efforts in the United States through our direct sales force and wound care distribution channels have been growing according to plan.
- We are pleased with our business prospects in the United States and continue to look for opportunities to launch a number of our new products into our direct-to-hospital and distribution networks.
- As often disclosed to shareholders, Covalon's business is primarily comprised of distributing bulk shipments, which result in "lumpy" or uneven revenue recognition quarter-to-quarter, depending on when bulk orders are placed, shipped to distributors, and delivered to hospitals.
- As previously disclosed, our contracted Saudi Arabian business will be more heavily weighted in our fourth quarter, which ends September 30, 2019. As a result, our Q3 results, which are due to be released at the end of August 2019, will not contain significant revenue from Saudi Arabia, and will therefore not result in a profit for the quarter.
- We are working to gain more clarity on what we anticipate will be delivered under the contracts in Saudi Arabia in Q4 and for fiscal 2020. These contracts in Saudi Arabia extend for two more years, and we anticipate continuing to deliver under these contracts through 2021.
- Covalon recently discovered that a former sales executive was trying to take advantage of Covalon's success in the Middle East by secretly attempting to use confidential information and intellectual property of the Company in a scheme to try to raise funding to build a factory in Saudi Arabia which if completed in a few years, would attempt to manufacture products similar to those offered by Covalon. Covalon successfully obtained a legal injunction prohibiting the former executive from competing with the Company, using Covalon's proprietary information, and from interfering with the Company's relationships with our customers and distributors.
- We anticipate that our Latin American business will grow over the next year as we increase our presence through expanded product offering and brand awareness in these key markets. We have very strong distribution channels in the majority of the key markets in Latin America.
- The Company recently received regulatory clearance ahead of schedule on our first two products in Brazil, and now has approval to market and sell MediClear Scar and CovaView IV in the country. Brazil is the largest market in Latin America for Covalon's products and we are working on regulatory clearance for 15 other families of products in Brazil.
- Covalon received regulatory clearance on our 7th product family in Mexico, the second largest market in Latin America for Covalon. Covalon has received clearance on seven families of products in Chile and Argentina, and we anticipate clearance on five more families in each of Mexico, Chile and Argentina, in the near future. We recently won our

fourth tender in Panama with ColActive Plus. With our continually expanding portfolio of cleared products in the larger Latin American markets, we believe we can replicate our success in Panama in Mexico, Argentina and Chile as these distribution channels compete for business.

- Covalon is pleased that our patent application for “Antimicrobial Silicone-Based Wound Dressings” has been granted in Canada. This patent is one of the key technologies supporting Covalon’s flagship IV Clear, MediClear Pre-Op, and SurgiClear antimicrobial silicone products. The patent has previously been granted in Korea and China, and is pending issuance in the United States, Europe, and other jurisdictions.

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 infection control, vascular access, surgical procedures, advanced wound care, and medical device coatings. 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 completion of integration of the AquaGuard acquisition, 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.

Contacts

Brian Pedlar, CEO, Covalon Technologies Ltd.
Email: bpedlar@covalon.com
Phone: 905.568.8400 x 233
Toll free: 1.877.711.6055

Web site: www.covalon.com
Twitter: @covalon