

Covalon Initiates Strategic Review to Enhance Shareholder Value

MISSISSAUGA, ON, Oct. 21, 2020 /CNW/ - Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV) (OTCQX: CVALF), an advanced medical technologies company, announced today that its Board of Directors has initiated a process to explore and evaluate a range of strategic alternatives available to the Company (the "Strategic Review") in order to enhance shareholder value.

Brian Pedlar, Covalon's President and CEO, stated: "In response to expressions of interest made to the Company by medical industry and private equity organizations, our Board has decided to hire advisors to assist in undertaking a Strategic Review process in order to ensure that all available alternatives to enhance value for our shareholders are being evaluated. As this process is undertaken, the Company remains focused on continuing to execute its growth strategy, promoting its life-saving products to the medical industry, and providing meaningful growth opportunities to our dedicated staff. The entire Board of Directors and the Company's major shareholders believe that Covalon is significantly undervalued given its compelling combination of patented intellectual properties, technology platforms, commercialized medical product portfolio, and global sales channels."

An independent special committee of the Board of Directors (the "Special Committee"), chaired by Mr. Amir Bloor and including Mr. Ron Smith and Dr. Myrna Francis, has been formed. The Special Committee will be tasked with exploring and evaluating global strategic alternatives. These alternatives may include, but are not limited to, continuing as a standalone public company, a joint venture, or a potential sale or merger of the Company, in whole or in part, including by a strategic health company or private equity firm.

The Company's Board of Directors, including representatives of its major shareholders, is committed to fully evaluating appropriate strategic options while simultaneously supporting the Company's management and employees in their ongoing efforts.

MPA Morrison Park Advisors Inc. ("MPA") has been retained by Covalon to act as exclusive financial advisors to the Company with respect to the Strategic Review. MPA has worked on various strategic projects for the Company since 2017 under separate arrangements. Under the terms of the engagement, MPA would earn a success fee based on completion of a qualifying transaction. The engagement with MPA will terminate on the earlier of completion of a qualifying transaction or 15 days written notice by either party.

The Company has not established a definitive timeline to complete the Strategic Review, nor has it made any decisions related to any strategic alternative at this time. There is no assurance that any strategic transaction or transactions will result from the Strategic Review. The Company does not expect to make additional public comment regarding these matters until the Board determines that additional disclosure is appropriate in accordance with applicable securities laws.

About Covalon

Covalon Technologies Ltd. is a researcher, developer, manufacturer, and marketer of patent-protected medical products that improve patient outcomes and save lives in the areas of advanced wound care, infection management and surgical procedures. Covalon leverages its patented medical technology platforms and expertise in two ways: (i) by developing products that are sold under Covalon's name; and (ii) by developing and commercializing medical products for other medical companies under development and license contracts. The Company is listed on the TSX Venture Exchange, having the symbol COV and trades on the OTQX Market under the symbol CVALF. To learn more about Covalon, visit our website at www.covalon.com.

Certain statements contained in this press release may constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated", "proposed" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current belief or assumptions as to the outcome and timing of such future events. Such forward-looking information is subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. In particular, this press release contains forward-looking information relating to the anticipated filing of the Company's interim financial report for the quarter ended June 30, 2020. Various assumptions or factors are typically applied in drawing conclusions or making the forecast or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. The forward-looking information contained in this press release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue

reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

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