

2020 Annual Shareholders Meeting

June 30th 2021

Brian Pedlar, CEO
Danny Brannagan, CFO

TSX-V: COV
OTCQX: CVALF

www.covalon.com | 1-877-711-6055

covalon TECHNOLOGIES LTD.

Millions of Covalon products are used every month by clinicians in hospitals around the world to help protect patients from infection.

Forward-Looking Statements and Non-GAAP Financial Information

Certain statements included in this Memorandum may be considered forward-looking statements. These 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. More specifically, this Memorandum contains forward-looking statements which include, but are not limited to statements regarding: the Company's corporate strategy and strategic objectives; the availability of external financing to fund the Company's ongoing liabilities and commitments; the direct and indirect impact of the COVID-19 pandemic on the Company's business and operations, including supply chain, manufacturing, research and development costs, contracted service providers and employees, and general business and economic events. These forward-looking statements involve risk and uncertainties, including the impact on the Company given its current liquidity situation, 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. Such forward-looking statements should not be taken as guarantees of future performance of Covalon.

All forward-looking statements are based on Covalon's current beliefs as well as assumptions made by and information currently available to Covalon and relate to, among other things, anticipated financial performance, business prospects, partnership opportunities, strategies, regulatory developments, market acceptance and future commitments. The recipient is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Memorandum.

Due to risks and uncertainties, including the risks and uncertainties identified by Covalon in its public securities filings, actual events may differ materially from current expectations. Covalon disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Certain financial measures in this Memorandum – namely earnings before interest, depreciation and amortization ("EBITDA"), adjusted EBITDA, pro-forma EBITDA, free cash flow and enterprise value – are non-IFRS financial measures. While Covalon and certain of its competitors measure and evaluate the performance of their respective consolidated operations and business segments with reference to these and similar measures, non-IFRS measures do not have any standardized or prescribed meaning under IFRS or otherwise and therefore are unlikely to be comparable to similar measures presented by other companies. These non-IFRS measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS. All non-IFRS measures are included because management monitors and uses the information on a regular basis to analyze the performance of the business and therefore may be considered useful information.

For further information about the risks and uncertainties relating to forward-looking statements included in this Memorandum, the recipient should consult the "Risks and Uncertainties" section of Covalon's annual MD&A dated January 27, 2021, as well as those contained in Covalon's interim MD&As and other public record filings on SEDAR.

All figures are in Canadian dollars, unless otherwise noted, and Covalon's fiscal year end is September 30th.

Covalon at a Glance

- ✓ Covalon researches, develops, manufactures and markets patented infection prevention medical products and services
- ✓ Covalon is a proven innovator of patented technologies that drive high-margin, transformative products and medical devices that disrupt existing and under-met markets
- ✓ The Company generates revenue (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
- ✓ Products are sold in the U.S. via a direct sales team and 3rd party distributors and internationally via 3rd party distributors
- ✓ Covalon's four technology platforms have a combined total addressable market size of ~$20B(1)
- ✓ Total of 85+ employees including 20 scientists/technical specialists and 25 sales professionals
- ✓ Founded in 1999 and headquartered Mississauga, Ontario with its own commercialization facility

2,000+
Customer Install Base



39 / 211
Patents / Regulatory Clearances



25+ / 33+
Sales Professionals / Distribution Partners



150/25
SKUs / Product Families



$20B+
Total Addressable Market



(1) Currently, Covalon's product portfolio addresses 70-80% of the total addressable market of HAIs in the U.S

Current Investment Opportunity

TSX-V: COV
OTCQX: CVALF

Operations

- Covalon has overcome challenges in its Middle East business, COVID recovery is underway, and the Company is once again positioned for growth.
- Covalon has been profitable year to date and seeing signs of growth in its key United States market.
- Covalon has significantly more growth opportunities than it can exploit under its current capital structure.

Capital Structure and Balance Sheet

- The Company's previously announced Strategic Review Process is underway and the Company continues to make progress in evaluating various expressions of interest received.
- One of the main objectives of the Strategic Review Process is to help improve the Company's capital structure and balance sheet without incurring unnecessary shareholder dilution.

Shareholder Value

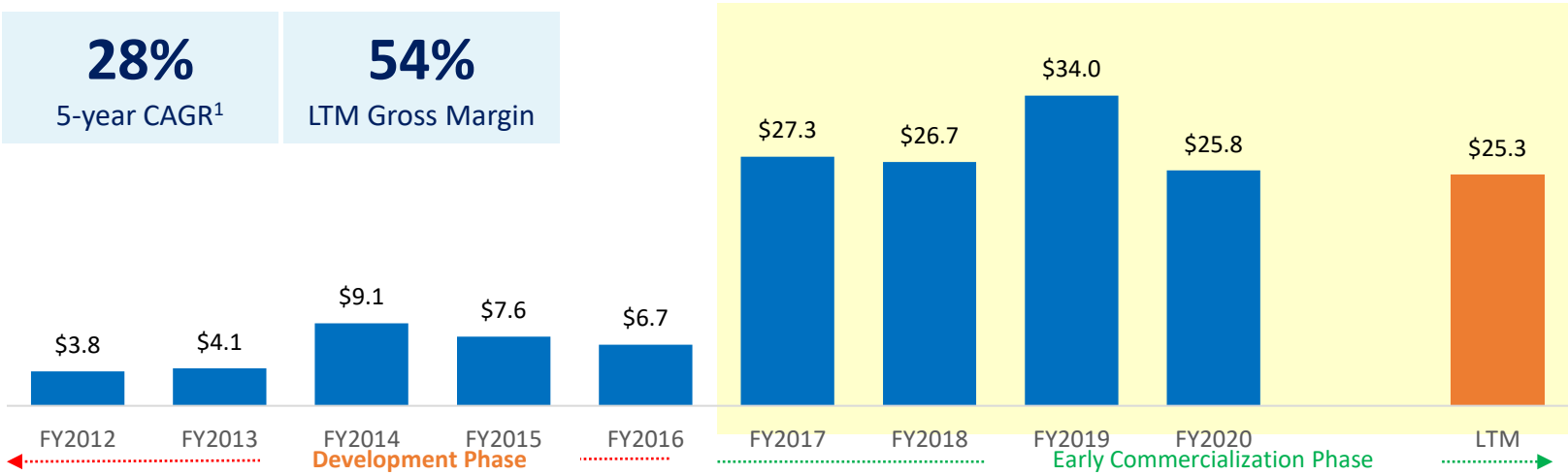
- Setbacks in the Middle East in 2019 + COVID-19 have depressed Covalon's share price from $9.00 to under $2.00.
- Our ongoing business demonstrates that the current stock price does not represent the true value of Covalon.
- Covalon's stock is illiquid (subject to illogical fluctuations) and is trading well below its intrinsic value.
- The majority of outstanding shares are held by insiders who are experienced long-term investors.

Strong Track-Record of Revenue Growth

Historical Revenue Profile (C$MM)

28%
5-year CAGR[1]

54%
LTM Gross Margin

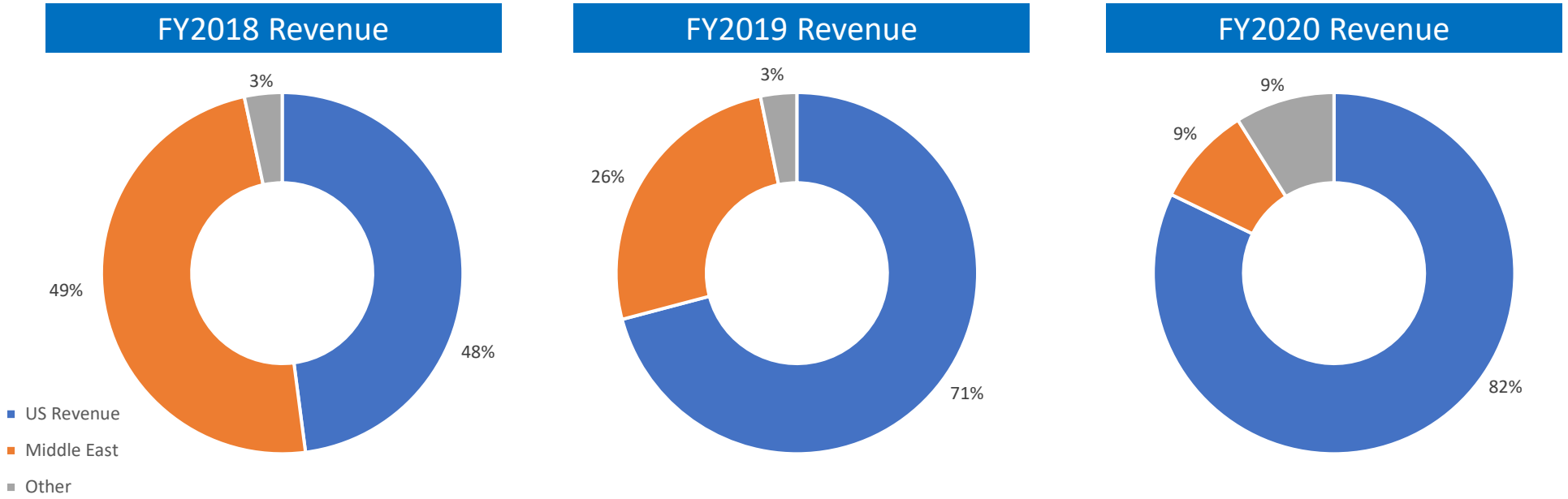


Commentary

- Revenue growth has been strong in the Early Commercialization Phase of our business
- We adapted to the negative impact of COVID-19 and the interruption to the distribution of our products in the Middle East
  - We maintained close relationships with our direct sales channels in the U.S. interrupted due to COVID-19, and as a result of this the Company has not lost any customers/market share
  - Working with our distributors to rebuild inventory levels to pre-COVID-19 levels
  - Covalon has appointed a major European medical and healthcare provider as its new distribution partner for the Middle East
- The Company is experiencing signs of recovery in its end-markets and expects its revenue growth to accelerate again in FY2021 and beyond once the COVID-19 restrictions are fully lifted

(1) Compounded annual growth rate from FY2015 to FY2020.

Expanded Focus on the Lucrative U.S. Health Care Market

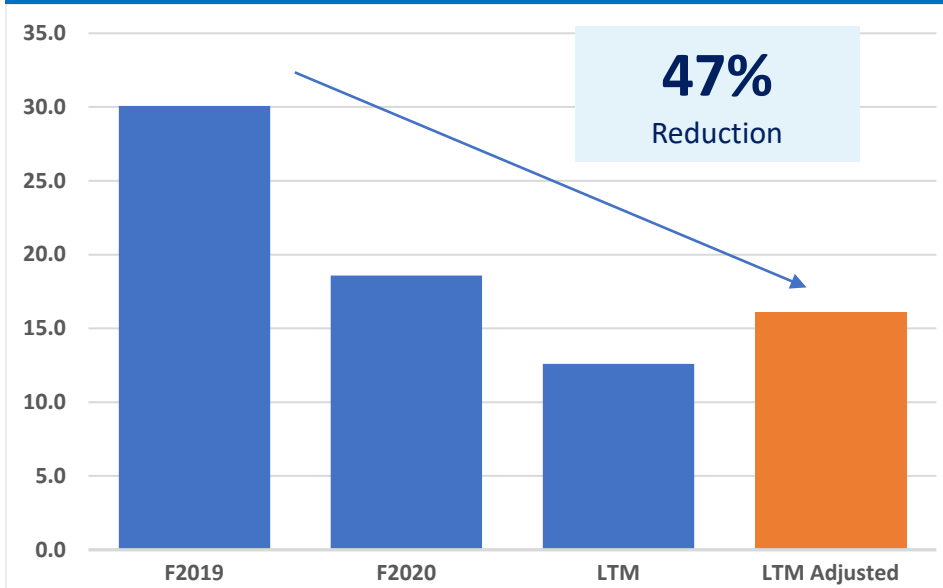


Commentary

- Covalon has achieved significant diversification away from the Middle East revenue base over the past two years
  - >80% of revenue now generated from the U.S. market
  - No single customer accounting for more than 10% of revenues
- Despite COVID-19's challenges, Covalon was able to sell products into countries and facilities in the United States, LATAM, Middle East and Europe by leveraging our existing supply chain and customers relationships
- Covalon has been successfully increasing its focus on the United States market

Operating Expenses and Debt

Operating Expenses (C$MM)



Debt as of March 31, 2021

HSBC lines:

Acquisition	$3.7M
Operating	$4.0M

Acquisition note:

Note payable	$10.1M

Cash & Cash Equivalents:

Cash	$3.8M

Commentary

- Operating expenses reduction driven by :
  - Decrease in personnel cost
  - Reduction of agency fees
  - Government subsidies
  - Reduction in Travel
- Continue to control operating expenses and decreases have continued into F2021

- Covalon continues to repay its HSBC Acquisition Line

Covalon's Platform Technologies

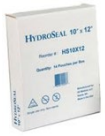
Lucrative and Proven Infection Management Technology Platforms

	Platform Technology	Description	Flagship Product Brands	TAM[(1)]
Product Revenue	Biological Collagen Matrix	Patented platform used to manufacture a family of products that treat chronic and infected wounds (e.g. diabetic foot ulcers, venous ulcers, burns, etc.)	ColActive® PLUS Ag  ColActive® Transfer  CovaWound™ Silicone CovaWound™ Alginate Ag	$4.0B
	Antimicrobial Silicone Adhesive	Patented platform and family of vascular access, pre-surgical and post-surgical products designed to kill 99.99% of bacteria and yeast that comes into contact with the adhesive	 IV Clear™  MediClear™ PreOp  SurgiClear™	$2.3B
	Moisture Barrier + Vascular Line Protector	Impermeable moisture barrier that allows coverage of wounds, dressings and intravenous sites to minimize infection and post-operative complications due to showering	AQUAGUARD® a Covalon Technologies Ltd. Product  VALGuard 	$2.5B
Development & Licensing Revenue	Medical Device Coating + Surface Sanitizer	Proprietary patented coating technology that provides superior infection management, lubrication and preservation of underlying functional/mechanical properties of devices.	CENTAUR™ COVAGUARD™ CovaCoat®  SilverCoat™	$1.6B

(1) Total Addressable Market size.

Platform Product Advantages vs. Competitors

Covalon's products have demonstrated competitive advantages through clinical studies and improved patient outcomes according to end-user customers

Covalon Products	Primary Competitors	Competitor Products	Covalon Advantage
ColActive®	3M, Acelity, MEDLINE	 	▪ Patented manufacturing process that increases efficacy of product family beyond that of competitors in skin integration, wound healing capabilities and infection management capabilities ▪ Only two key players (other than Covalon) currently have their own Collagen product offering in the U.S.
IV Clear™ MediClear™ SurgiClear™	3M, MEDLINE, Johnson & Johnson, ConvaTec	 	▪ The only dual antimicrobial silicone adhesive that also provides clear, breathable and waterproof barrier to secure dressings and other wound sites ▪ Minimizes pain and risk of infection better than competing products according to clinical studies
AQUAGUARD® a Covalon Technologies Ltd. Product	SHOWER SHIELD, 2GMEDICAL, LLC	 	▪ #1 market share leader in the U.S. – products sold via direct sales professionals ▪ High customer retention ▪ Market lacks product offerings for moisture barriers – many facilities still use plastic bags and tape
CENTAUR™ Low Particulate, Lubricious Coating by Covalon Technologies Ltd. CovaCoat® COVAGUARD™	SURMODICS, DSM, BIOCOAT INCORPORATED, Teleflex®	Serene™ coating technology (Surmodics) HYDAK® technology (BioCoat) ComfortCoat® (DSM)	▪ More than US$10M in licensing and development fees from a single global medical device manufacturer partner to date ▪ Two of the four largest vascular access companies in the world are migrating their coating technology to Covalon ▪ Teleflex's US$80M investment in Semprus BioSciences was ultimately unsuccessful – Covalon has already proven that its comparable technology works and is scalable

Our Collagen Platform Products Work

Real People, Life Changing Stories

Diabetic Foot Ulcer – Scheduled for Amputation



After 6 Months - Healed



ColActive® PLUS Ag



ColActive® Transfer



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Our Collagen Platform Competes With Market Leaders In the United States

Clear Path for Substantial Revenue Growth

Collagen Dressing Market in United States

#1 Market Position

3M, Acelity

~US$120mm
in Collagen revenues per annum[1]

#2 Market Position

MEDLINE

~US$40mm
in Collagen revenues per annum[1]

Our Major Distributors in United States

smith&nephew, McKESSON, DermaRite, HARTMANN

- We compete in the United States with 3M and Medline by leveraging the reach of our major distributors
- Our premium collagen dressings called ColActive Plus compete based on clinical benefits and better patient outcomes compared to 3M and Medline
- Covalon's patented manufacturing process offers competitive advantages on cost and scalability of manufacturing when compared to leading competitors
- Our Patented Collagen Platform allows Covalon to Launch additional products to open larger market opportunities in Interactive Dressings and Skin Substitute product categories – a $1.7 B market

ColActive® PLUS Ag



ColActive® Transfer



[1] Covalon estimate based on market research reports.

Our Collagen Platform has a Clear Path to Substantial Revenue Growth

Existing Products Sales in the U.S.	• Expand distribution network in the U.S. • Addition of direct sales personnel exclusively focused on Collagen to further support our distribution partners in the U.S. • Additional clinical studies as required to position ColActive as the market leader

Expanded International Footprint	• Incremental Middle-East tender wins
	  • Covalon sold $5mm in Collagen products in the Middle-East in 2018
	  • New Middle-East distributor has a very strong position to regain and expand this business
	• LATAM market penetration and expansion ongoing

New Product Launches	• Collagen Powder: product launch expected in Q4 2021 • Collagen Gel: product launch expected in 2022 • Bioengineered Skin Substitute: significant opportunity for Covalon to tap into this lucrative market as an extension of its Biologics Platform
Manufacturing	• Patented manufacturing process enables manufacturing capacity to scale with demand • Vertical integration of manufacturing has the potential to significantly improve product margins

Clear Path to Substantial Revenue Growth Over the Medium to Long-Term

- ✓ Collagen has enjoyed healthy growth in the U.S. over the past several years (after normalizing for the FY2020-21 impact of COVID-19) and growth is expected to further accelerate once COVID-19 restrictions are fully lifted
- ✓ Experiencing record customer orders in FY2021 to date and expect record revenue this fiscal year
- ✓ Revenues from the Middle East have been negatively impacted (FY2019 and FY2020) by the termination of relationship with the previous distribution partner in that region, but are expected to normalize towards the end of 2021 and grow significantly in the coming years given the new distribution partnership agreement with Paul Hartmann
- ✓ Our Patented Collagen Platform allows us to accelerate new product development by 3-5 years, allowing quicker access to new lucrative markets



The world's only dual-antimicrobial silicone IV dressing

Our Patented Antimicrobial Silicone Products are Better and Safer for Patients

Clear Path for Substantial Revenue Growth

Film Dressing Market in United States

IV Dressing Market	Surgical Dressing Market
3M ~US$400mm[1]	~US$200mm[1]
MEDLINE ~US$50mm[1]	3M ConvaTec

Covalon U.S. Sales Team Targets Hospitals

~20 Sales Professionals

Covalon's AquaGuard Hospital Install Base (2,000+)

- We compete in the United States with 3M and Medline by selling directly to our AquaGuard hospitals with our U.S. sales team
- Covalon's IV Dressing and Surgical Dressing are the only dressings on the market with antimicrobial silicone
- Covalon's IV Clear, SurgiClear and MediClear Pre-Op products are at early-stage introduction to the U.S. hospital market
- Looking beyond Covid-19, we believe Covalon's Antimicrobial Silicone products are far superior to the competition and Covalon has a very unique opportunity to capture an outsized share of this lucrative market



IV Clear™



MediClear™ PreOp



MediClear™ PostOp Absorb



MediClear™ Scar



SurgiClear™

[1] Covalon estimate based on market research reports

Both Clinicians and Patients Love our Antimicrobial Silicone Products

SurgiClear on Social Media – Customer Posts

ERIC_HAS_FUN
Posts
Follow

eric_has_fun
Intermountain Primary Children's Hospital



Liked by **samknight5088** and **others**

eric_has_fun George is pretty exhausted. He did sit up for a minute, he drank two apple juices, and ate some goldfish. He is damn mad about the oxygen cannula, wires, tubes, and IVs. Covid-19 makes it extra challenging, only one of us can be there, and @garnerbjessica is the best and made it very clear she will be by his side. #fontan #tricuspidatresia

View all 25 comments

July 24

LOVELIKELAYNE
Posts
Follow

lovelikelayne
Intermountain Primary Children's Hospital

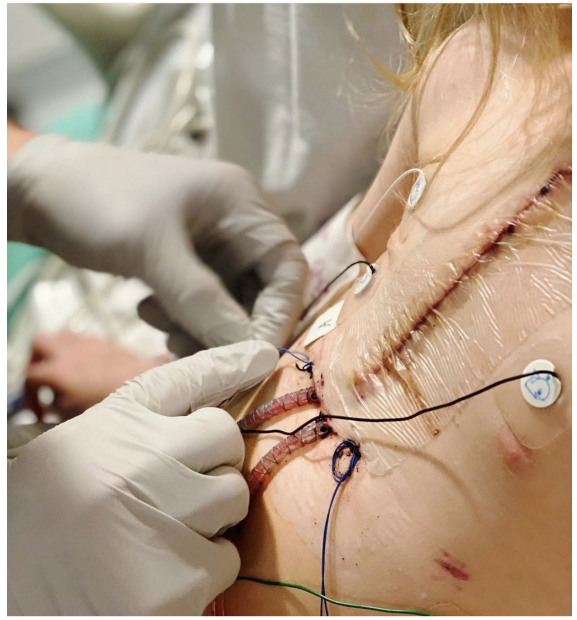


Liked by **thecandlespace_** and **others**

lovelikelayne The most he has woken up for us and stayed calm. 🙌🏻 he is on 0.1L of oxygen in regular nose canula (which is freaking amazing! He was on 4L before surgery) and his sats are in the high 70/low 80's. He is still pretty irritated but the drs think they may have found the right

SANDIHENDERSON
Posts
Follow

sandihenderson
Intermountain Primary Children's Hospital



Liked by **shelbi_sue** and **others**

sandihenderson Yesterday. Chest tunes coming out, which apparently feel like an appendage getting cut off. Clara doesn't even have to be held down for this anymore. She covers her eyes, I count to three, and we growl like we are @beargrylls having just done something incredibly painful, while they quickly pull the line. #chd #pulmonaryvalve #loveforclara

View all 36 comments

April 16

LAUREN.DIVINE
Posts
Follow

lauren.divine
Intermountain Primary Children's Hospital



Liked by **chd_hearts** and **others**

lauren.divine Six weeks post-op! I have found that looking back at pictures from the CICU and Cardiac Unit is really hard for me to do. To say we were terrified is an understatement, and yet we were so steadfast in our trust of our surgeon and team. Here is Bash is just after open heart surgery, four days post-op, and today, six weeks after joining the prestigious #zipperclub 💔—>❤️ #zipperclubmember #congenitalheartdefect #ventricularseptaldefect #chd #chdawareness #chdawareness #chdwarrior #heartwarrior #myheartkid #heartbaby #heartkid #1in100 #babysaurus #toughguy #babybash #bashberry #basherberry #babyboy #heartbero

AquaGuard Market Upside is Large

Clear Path for Substantial Revenue Growth

Moisture Barrier Market in United States

#1 Market Position

covalon TECHNOLOGIES LTD.

~80%

Market Share[1]

Hospitals Penetration

~35% of Hospitals Use a Moisture Barrier

Covalon U.S. Sales Team Targets Hospitals

~20 Sales Professionals

Covalon's AquaGuard Hospital Install Base

(~350 key accounts and 2,000+ hospital customers)

- AquaGuard has maintained ~80% market share in the United States since launch and throughout COVID-19, becoming THE category-defining Brand
- Only 35% of the 6,090 hospitals in the United States have adopted protocols to use shower protection products like AquaGuard
- COVID-19 negatively impacted our hospital sales in 2020 by interrupting 14 years of revenue growth (CAGR ~25%)
- Post Covid-19, we believe hospital adoption of shower protection products will accelerate
- Covalon is at the early stages of introducing AquaGuard to international markets

AQUAGUARD® a Covalon Technologies Ltd. Product







[1] Covalon estimate based on market research reports

AquaGuard Market Upside is Large

1 Massive Largely Un-penetrated Market

< 35% **Total hospital market currently penetrated**

Of **6,000+** hospitals, AG is only selling to **~1,600** with sales effort concentrated into **~350** accounts

2 Penetration of the Extended Care and Home Care Markets

Massive upside opportunity to basically follow the patients outside the hospital and penetrate the extended care and home care market

10x **Estimated number of showers (and potential sales) compared to hospitals in extended care and home care market**

3 International Distribution

Covalon is only getting started on international distribution of AquaGuard in 2021, seeing opportunities to significantly grow this business in Latin America, Middle East, Africa

Current sales funnel

4 Diabetic Foot Ulcer

- Focusing the AquaGuard boot towards diabetic foot ulcer dressing change kit

34% **of the 30 million diabetics in the U.S. will get a DFU**

50% **Of those wounds will become infected**

20% **Of those infected will require amputation**

5 Strong Post Covid-19 Recovery



Expected growth from elective procedures getting back to normal and sales force visiting hospital accounts again

6 GPO Contracting

Only **3** **Current GPOs under contracts**

PREMIER Ascension HEALTHTRUST

Large opportunity to get on other major GPO contracts

Medical Coating Platform Creates Value for Customer Medical Devices

Clear Value Propositions For Upgrading Medical Devices

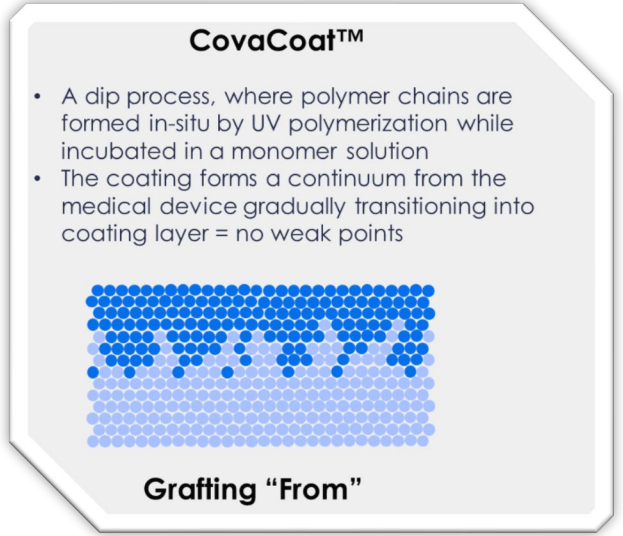


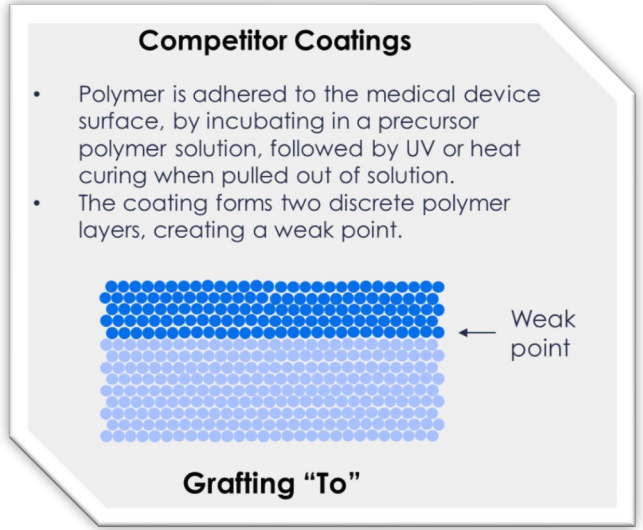
1. Low Particulate Generation
2. Durable Lubricity
3. Functionalization/API Loading
4. Hemocompatible
5. Highly Tunable Process
6. FDA Cleared Products (e.g. SilverTouch)
7. A Quicker Path to Market
8. In-house Manufacturing Facility
9. Flexible Business Model
10. Next Generation Technologies

Brands marked ® or ™ are trademarks of Covalon Technologies Ltd. All other products referenced herein are acknowledged to be trademarks of their respective owners.

Medical Device Coating Platform Product has Clear Revenue Growth Potential

- Core capabilities and value-add recognized and paid for by end clients; mission critical capabilities sought out by world's largest high profile medical companies
- Potential for capturing an outsized market share of the AM coating and API delivery markets
- Project portfolio diversification (50-60 projects with 20+ unique organizations) – includes projects in vascular access, urology, endoscopy, respiratory ventilators, surgical, wound care, and ostomy
- Significant financial commitment by client toward COV's technology increasing stickiness and furthering revenue generation
- Platform creates a portfolio of healthcare royalty streams which have significant value in their own right
- Small team generating substantial yearly development revenue – $1.00 of development revenue can translate into $17.00 of license, royalty and manufacturing revenue going forward





Covalon's Market Leading R&D Capabilities

Leading R&D and Regulatory Expertise Sought by Global Healthcare Companies

Development Partnership Model

- Covalon works with leading medical device companies to bring new products to market, or to improve/enhance existing product lines
- The Company licenses its technologies to Fortune 100 & 500 companies and provides coating manufacturing to many of the largest medical device manufacturers in the world









Selected Partners & Distributors

BD BARD · smiths medical · McKESSON · DermaRite · HARTMANN · Promedon People + Innovation · MEDLINE · smith&nephew · Byram Healthcare · JamJoom Business Group · Owens & Minor

Award Winning Products

2018 SILVER WINNER MEDICAL DESIGN EXCELLENCE AWARDS

Recipient of the 2018 New Product Innovation Award Surgical Site Infection Prevention FROST & SULLIVAN

ESP 2013 AWARD WINNER

Regulatory Pathway Expertise

FDA · Canada Health Canada · Kingdom of Saudi Arabia Saudi Food & Drug Authority · ISO 13485:2003 FM 86113 · CFDA China Food and Drug Administration · KFDA Korea Food & Drug Administration · CE 0086 · The Executive Board of HEALTH MINISTERS' COUNCIL for GCC states · SFDA www.sfda.gov.cn · SALUD SECRETARÍA DE SALUD

ISO13485: 2016, MDSAP and FDA QSR certified

Experienced Management Team

Corporate



Brian Pedlar
Chief Executive Officer

B.Sc., CPA, CA



Danny Brannagan
Chief Financial Officer

B.Comm., CPA, CA



Dr. Val DiTizio
Chief Scientific Officer

Co-Founder, PhD, M.Sc.

World-Wide



Hector Padilla
Vice President, Strategic Markets

B.Sc. B.A., MBA



Alyssa Hrycyshyn
Vice President, Marketing

B.Sc., MBA



Kim Crooks
Vice President, Operations

B.Sc.



Greg Leszczynski
Vice President,
Human Resources

United States



Gerry Arambula
President, Covalon USA

Europe



Simon Smith
President Covalon Europe

OEM Channel



David Scherma
Director,
OEM Business

Board of Directors



Abe Schwartz



Dr. Myrna Francis



Amir Boloor



Joseph Cordiano



Ronald E. Smith



Martin Goldfarb



Brian Pedlar

Covalon Highlights

1. World-class development lab with game-changing IP and products
2. Recognized by medical companies as major player in infection control
3. De-Risked revenue with increased focus into the United States
4. Massive upside with new products and expanded sales reach in United States
5. Experienced management team focused on creating significant shareholder value



350 million I.V. dressings used each year in the US

IV Clear by Covalon is the world's only dual-antimicrobial silicone adhesive I.V. dressing



Thank You!

covalon
TECHNOLOGIES LTD.

Millions of Covalon products are used every month by clinicians in hospitals around the world to help protect patients from infection.