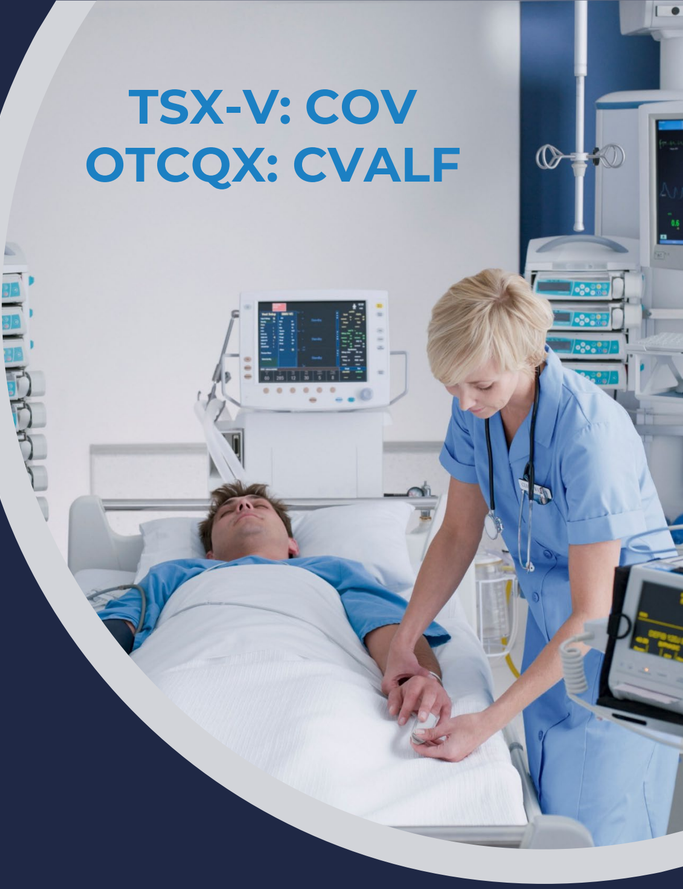




TSX-V: COV
OTCQX: CVALF



Covalon Overview

Brian Pedlar CEO

December 2, 2022

covalon.com

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Forward-Looking Statements and Non-GAAP Financial Information

Certain statements included in this presentation 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 presentation 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 reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation.

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 presentation – 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 December 10, 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.

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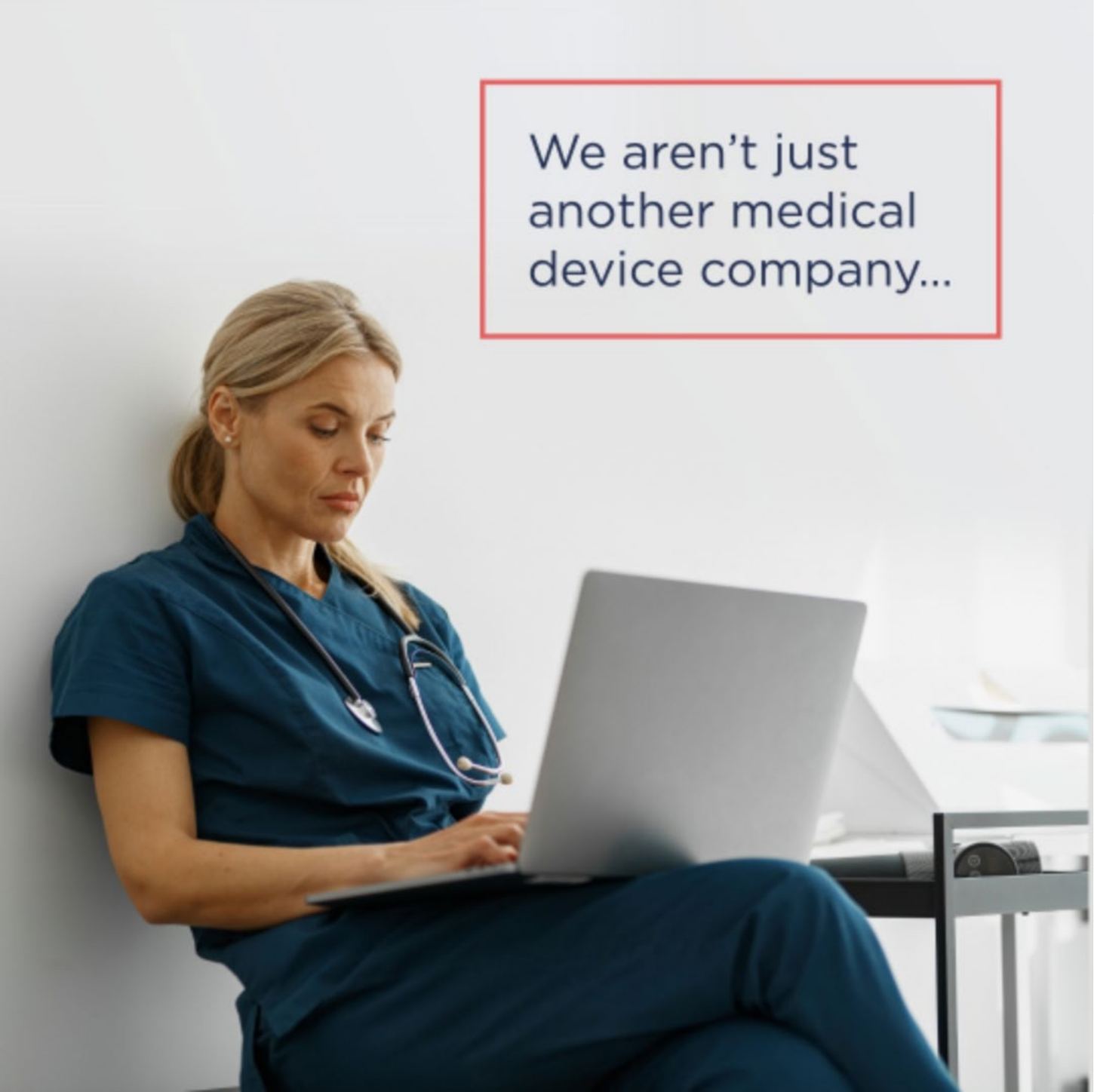

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Covalon is a patient-driven medical device company, built on the relentless pursuit to help the most vulnerable patients have a better chance at healing.

Through a strong portfolio of patented technologies and solutions for advanced wound care, infection prevention and medical device coatings, we offer innovative, gentler and more compassionate options for patients to heal with less infections, less pain and better outcomes.

Our solutions are designed for patients and made for care providers.



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Capitalization Table
(in Canadian $)

Share Price (Nov 30, 2022)	*($/share)*	$2.24
Basic Shares	*(mm)*	25.4
FD ITM Shares	*(mm)*	29.0
FD ITM Market Cap	***($ mm)***	**$65.0**
Less: Cash (June 30, 2022)	*($ mm)*	($14.0)
Plus: Debt	*($ mm)*	$0.0
Plus: Minority Interest	*($ mm)*	--
Enterprise Value	***($ mm)***	**$51.0**

~55%
Insider ownership

$14mm
Cash

$0
Debt Outstanding

$65mm
Market Capitalization

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Uninsured Hospital-Acquired Infections have increased as much as 63% in Intensive Care Units[1]

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[1] Weiner-Lastinger, L., Pattabiraman, V., Konnor, R., Patel, P., Wong, E., Xu, S., Dudeck, M. (2022). The impact of coronavirus disease 2019 (COVID-19) on healthcare-associated infections in 2020: A summary of data reported to the National Healthcare Safety Network. Infection Control & Hospital Epidemiology, 43(1), 12-25. doi:10.1017/ice.2021.362



Current “Standard of Care” Products used to combat vascular access and surgical site infections (SSIs) in hospitals in the United States are ineffective[1]

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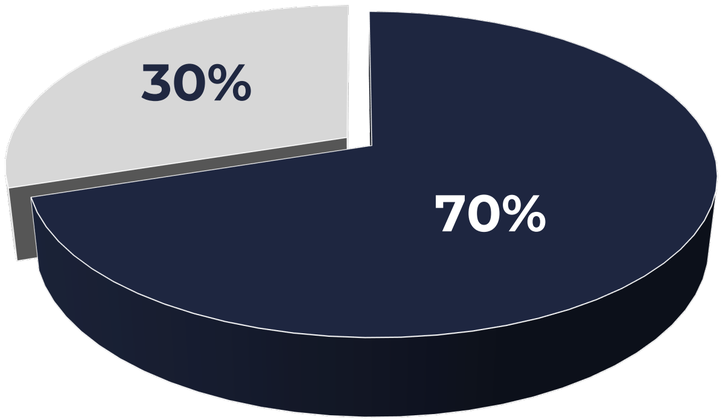
[1] Klevens, R. Monina; Edwards, Jonathan R.; Richards, Chesley L.; Horan, Teresa C.; Gaynes, Robert P; Pollock, Daniel A.; Cardo, Denise M. (2007). "Estimating Healthcare-associated Infections and Deaths in U.S. Hospitals, 2002". Public Health Reports. 122 (2): 160–166. doi:10.1177/003335490712200205

70% of Hospital-Acquired Infections Are Preventable

$28 Billion
Treatment Cost[1]

100,000
Annual Deaths[1]

1.7 Million Annual US Hospital-Acquired Infections[1]





It’s time to give frontline care providers the right technology

[1]Klevens, R. Monina; Edwards, Jonathan R.; Richards, Chesley L.; Horan, Teresa C.; Gaynes, Robert P; Pollock, Daniel A.; Cardo, Denise M. (2007). "Estimating Healthcare-associated Infections and Deaths in U.S. Hospitals, 2002". Public Health Reports. 122 (2): 160–166. doi:10.1177/003335490712200205



Clinicians and Patients are demanding

Better, Safer Products

… A Better Standard of Care

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Covalon is focused on becoming a leading provider of compassionate care solutions that **help patients heal faster and live better**.

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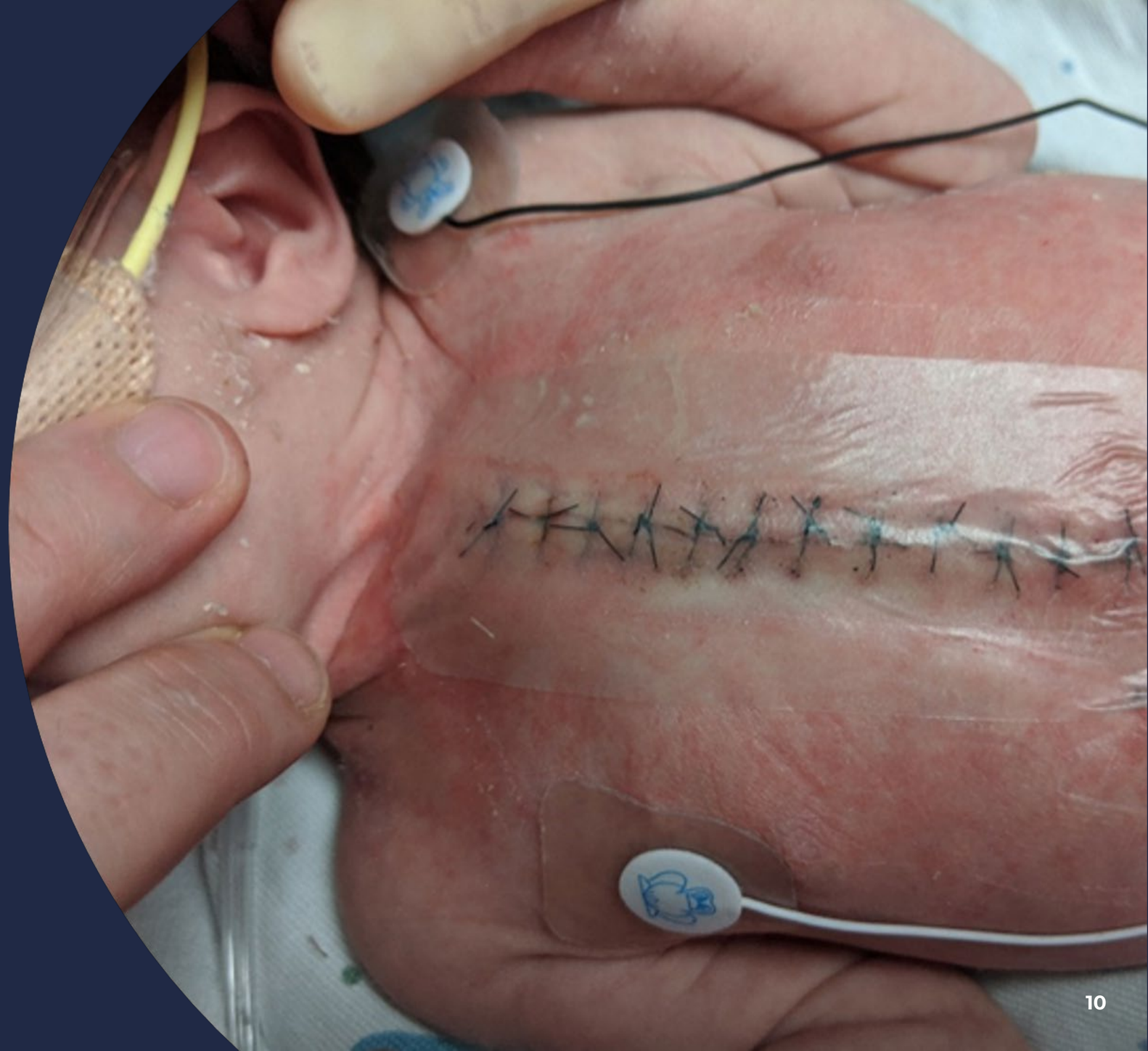
Our Mission

Provide innovative and cost-effective healthcare solutions that **reduce pain, prevent infection, and promote healing**.



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Many Prestigious Hospitals Choose Covalon

Some of our Children's Hospital Customers:

Boston Children's Hospital
Texas Children's Hospital®
Cincinnati Children's®
Children's Hospital of Philadelphia®
Children's National
St. Jude Children's® Research Hospital
JOHNS HOPKINS All Children's Hospital
Ann & Robert H. Lurie Children's Hospital of Chicago®
Children's℠ Healthcare of Atlanta
Riley Children's Health Indiana University Health
Phoenix Children's®
Seattle Children's® HOSPITAL • RESEARCH • FOUNDATION
Children's® MINNESOTA
ORLANDO HEALTH® | Winnie Palmer Hospital For Women & Babies
CHOC

Some of our Acute Care Hospital Customers:

Cedars Sinai
Memorial Sloan Kettering Cancer Center
UPMC LIFE CHANGING MEDICINE
KAISER PERMANENTE®
Hackensack Meridian *Health*
NORTHSIDE HOSPITAL
Intermountain® Healthcare
Advocate Good Samaritan Hospital®
Banner Health
AdventHealth Shawnee Mission
MAYO CLINIC
Baptist Health South Florida
YaleNewHavenHealth
ORLANDO HEALTH®
Dignity Health.
Beth Israel Lahey Health
Beth Israel Deaconess Medical Center

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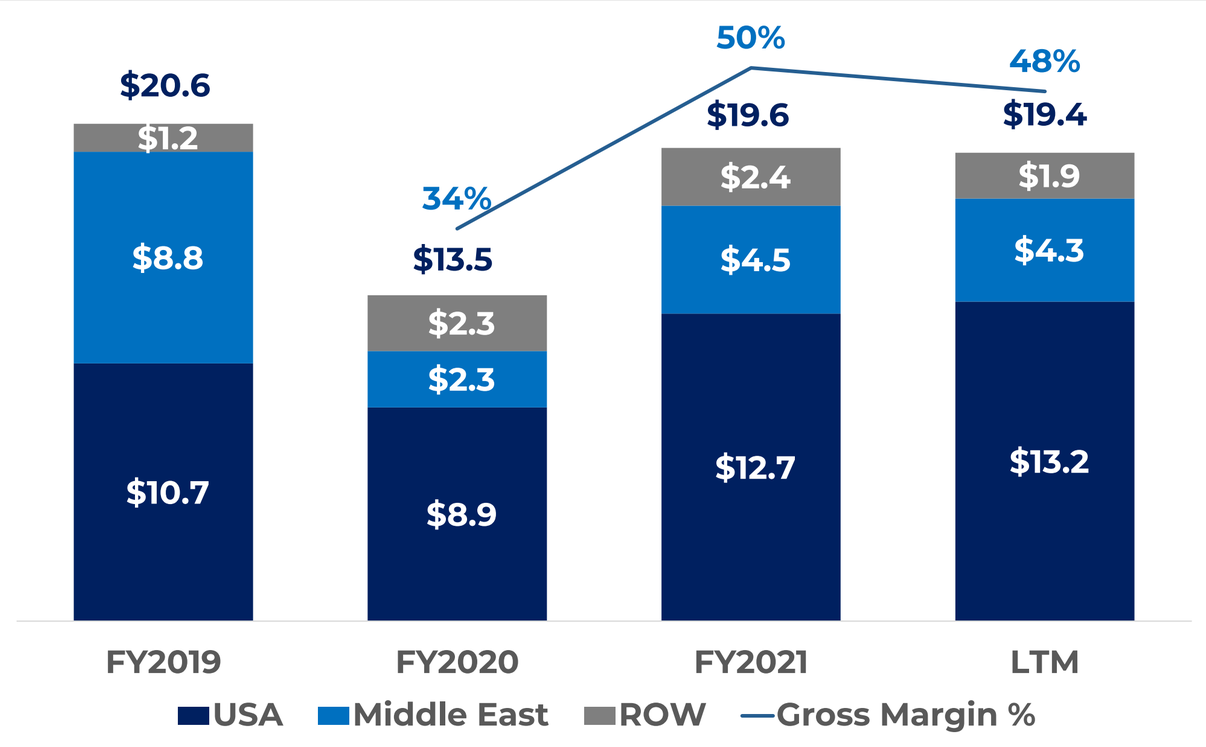
Strong Revenue Profile and Expanding Margins



Pre-COVID COVID Impact Recovery and Growth →

58% LTM Adjusted Gross Margin[1]

Key Takeaways

- COVID recovery underway in the U.S. with ROW markets slower to recover
- We adapted to the negative impact of COVID-19 and the interruption to the distribution of our products in the Middle East
- New Middle East distribution partner with a major European medical products company that has secured several new near term contracts
- Gross margins are heavily influenced by product mix and geographical concentration
- Focused on improving overall gross margins with higher margin sales mix and limiting product re-work costs
- New in-house manufacturing of collagen dressings to create capacity and meet customer demand

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[1]Adjusted for inventory provisions and product re-work costs. LTM (Last Twelve Months) as at June 30, 2022.

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Covalon's products are utilized around the world

Direct Sales

> 70
Major Hospitals
(> 300 Beds)

6 of 10
Top 10 Children's Hospitals

IV Clear™ SurgiClear®

VALGuard™
Vascular Access Line Guard

Strong Clinical Evidence

Long-term Care & Home Healthcare Distribution Partners

smith&nephew McKESSON MEDLINE DermaRite HARTMANN Byram Healthcare Owens & Minor

International Distributors

20
Countries

~20
Distributors

JamJoom Business Group HARTMANN PANAFARMA Promedon People + Innovation

2022 Revenue Breakdown

67%
United States

33%
International

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For the nine months ended June 30, 2022

Fiscal 2023: Strong Path to Financial Growth

- **Investing in Sales and Marketing initiatives to drive aggressive growth in our US Hospital Market**
  - Currently have 70 major hospital customers (> 300 beds)
  - 3 strong infection prevention products
- **6 of the Top 10 Pediatric Hospitals in the US use Covalon products to protect their patients from infection**
  - Our products are currently used in about 20% of the pediatric hospitals in the US (42 pediatric facilities)
- **International and US Wound Care business expected to achieve 25% CAGR in Revenue 2022 through the end of 2025**

2025 Targets:

400
Major Hospitals

#1
Market Share in Pediatric Hospitals

#1 or #2
Market Share in Collagen

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Our Patented FDA Cleared Product Solutions Focus On

Infection Prevention

- Vascular Access Blood Stream Infections (“BSIs”)
- Surgical Site Infections (“SSIs”)
- Medical Device-related Infections

Advanced Wound Healing

- Diabetic chronic wounds
- Surgical wounds
- Traumatic non-healing wounds
- Serious burns



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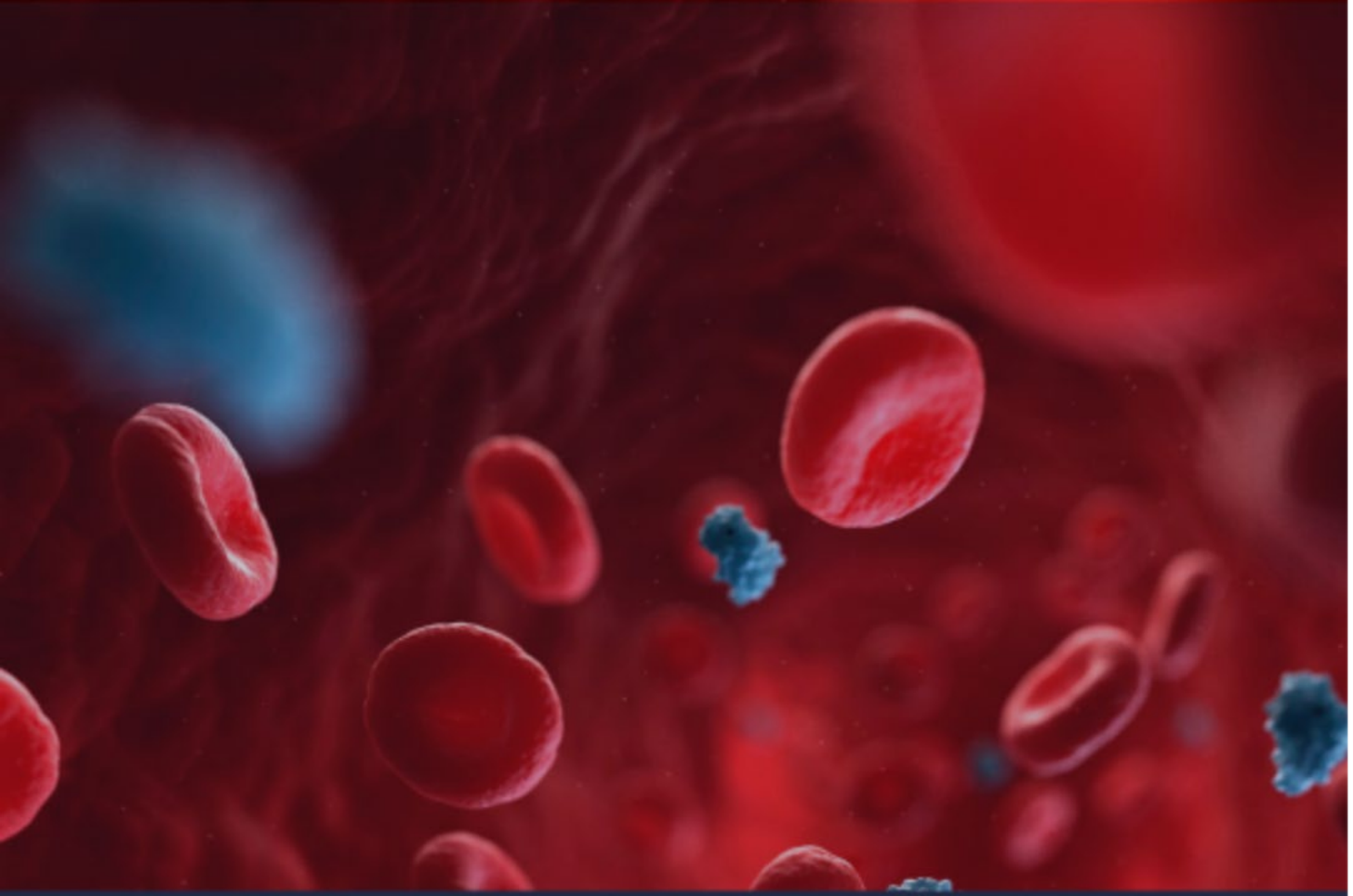

Catheter related bloodstream infections have a **25%** mortality rate

Better Vascular Access Infection Prevention Solutions



VALGuard™
Vascular Access Line Guard



IV Clear™



CovaClear™ IV



CovaCoat®

Antimicrobial Catheter Coating



The # 1 cause of hospital readmission after surgery is infection

Better Surgical Site Infection Prevention Solutions

#1

SurgiClear is the Surgical Dressing of Choice by #1 Congenital Heart Program at Texas Children's



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A 600 Patient Clinical Study by a Major Teaching Hospital

Aim

- **Reduce infection rates**
- **Make it easier for clinicians to monitor surgical incisions**
- **Improve healing rates**

Approach[1]

600 Patients

12 Months

- Reduce dressing changes and improve ability for clinicians to monitor patients
- Improve healing and skin integrity

Result

0.00% Infection Rates

>$200k Cost Savings

- ✓ Improved patient satisfaction scores
- ✓ Better clinical outcomes with lower complications

Clinical staff at **Texas Children's Hospital** **became champions** for our product

- ✓ Resulted in Covalon onboarding more than 10 additional major facilities
- ✓ Texas Children's Hospital is now looking to convert to a 3rd Covalon product



- **5 towers – 25 floors per tower**
- **973 beds (main campus)**
- **~170 bed Neonatal ICU**
- **Largest children's hospital in US**
- **#1 Pediatric Cardiology & Heart Surgery Hospital in US**
- **3 additional locations in Texas**
- **Associated with Texas Medical Center**

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[1]**Using Covalon's SurgiClear antimicrobial dressing over a 12-month study of 600 patients who had open heart surgery; patients over 12 months to 66 years old**



ColActive Plus®
Closes Complex Wounds

6.7M
Americans are living with a chronic, non-healing ulcer

25%
Of people living with Diabetes will experience a diabetic foot ulcer

1 in 4
Families has a family member with a chronic wound

$50B
The annual Impact chronic wounds have on the Healthcare System

Covalon Platform Technologies

infection prevention	Patented platform and family of vascular access and perioperative solutions designed to protect sensitive skin and kill 99.99% of bacteria and yeast that comes into contact with our patented silicone antimicrobial adhesive
advanced wound care	Patented platform used to manufacture a family of solutions that treat chronic and infected wounds (e.g. diabetic foot ulcers, venous ulcers, burns, etc.)
medical device coatings	Proprietary patented coating technology that provides superior infection management, lubrication and preservation of underlying functional/mechanical properties of devices.







CovaCoat® SilverCoat™

Strong IP Portfolio
21 patents awarded and 23 pending

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Covalon Has a Strong Growth Platform



Financially Strong Core Business

- Significant cash; no debt
- Above-market revenue growth potential with our strong distribution channels
- Strong management team focused on growth

Innovative Product Solutions backed by Strong IP

- Solid clinical evidence backing patented product solutions
- Better, safer products that solve serious clinical issues
- Better antimicrobial technology and biological collagen platform technology

Massive Growth Potential

- $8.9 billion infections and chronic wounds market growing at alarming rates
- Leading influential KOL facilities becoming champions
- Solid distribution channels in United States, Middle East and LATAM

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Selected Partners & Distributors

Regulatory Pathway Expertise

ISO13485: 2016, MDSAP and FDA QSR certified

Award Winning Products

Covalon Delivers

Our R&D, Quality, and Regulatory expertise is recognized and sought by global healthcare companies worldwide.

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