

Fourth Quarter and Full Year Fiscal 2024 Earnings Presentation

January 7, 2025

Brent Ashton – CEO

Katie Martinovich – Interim CFO

*Compassionate solutions designed for
patients and made for care providers*

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; 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.

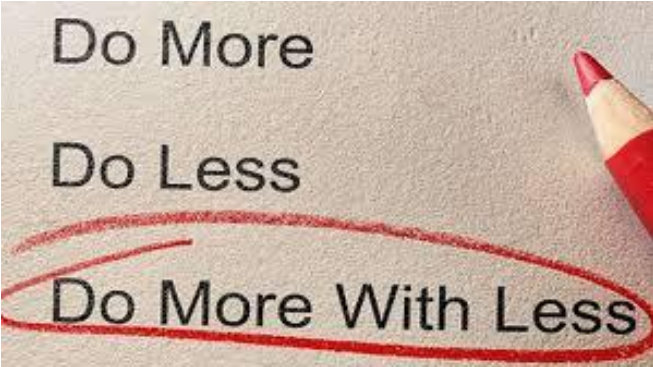
Due to risks and uncertainties, including the risks and uncertainties identified by Covalon in its public securities filings, actual events may differ materially from current expectations. Covalon disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result 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-GAAP 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-GAAP measures do not have any standardized or prescribed meaning under IFRS Accounting Standards or otherwise and therefore are unlikely to be comparable to similar measures presented by other companies. These non-GAAP measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS Accounting Standards. All non-GAAP 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 7th 2025, 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.

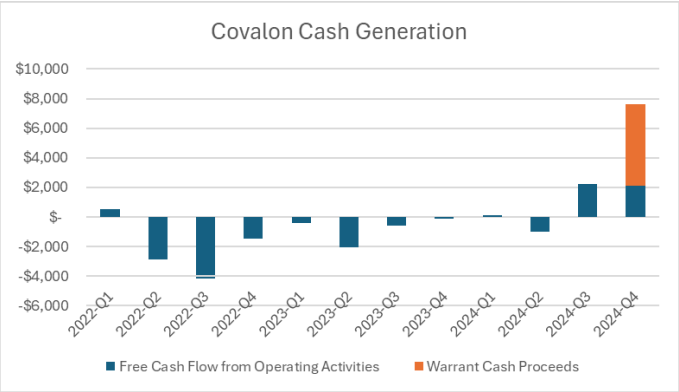
Key 2024 Accomplishments and Outcomes



Commercial Organization
Transition Success



Outstanding Operational
Progress



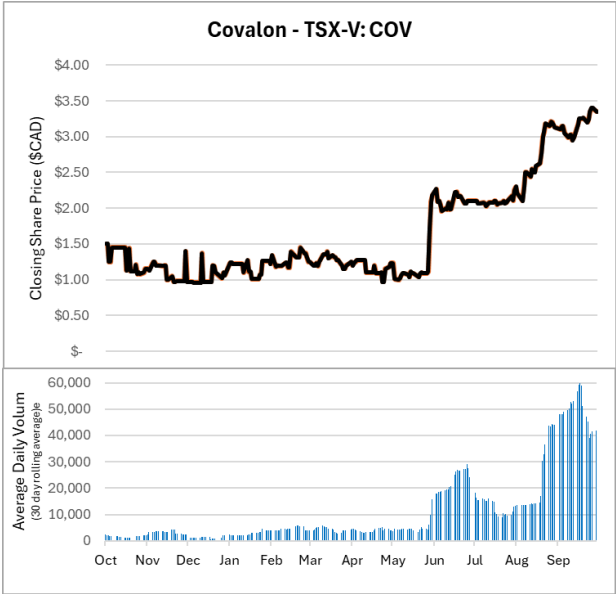
Strong Free Cash Flow
Generation



Important Foundational
Advancements



Significant Clinical
Impact



Covalon Valuation Acceleration 3

Covalon Fourth Quarter / Full Year Fiscal 2024 Summary

- Strong Fourth Quarter Performance
 - Revenue of \$8.9 million (growth of 29% YoY)
 - Adjusted EBITDA of \$1.1 million
- Solid Full Year Fiscal 2024
 - Revenue of \$31.1 million (growth of 17%)
 - Adjusted EBITDA of \$4.8 million
- Critical sustaining work is creating a strong foundation for the future
- Growth-focused actions will accelerate demand for Covalon solutions and position the company for long term success

“Our Covalon team is proud of the work that was done to deliver a strong fourth quarter and full year fiscal 2024.

In a year with a lot of change, the team remained focused on key actions advancing our company to deliver strong value to our patients, the clinicians who serve them, our investors and other key stakeholders.

As we continue our transformational growth journey, the team and I are excited to make a bigger, bolder impact in 2025 and beyond.



Brent Ashton
Covalon Technologies Ltd
Chief Executive Officer

Financial Highlights – Revenue, Margin and Operating Expenses

US Medical Consumables Revenue Growth

Q4

72% growth

FY

66% growth

Covalon Gross Margin (2024 / change vs. 2023)

Q4

60.2%
+1,830 bps

FY

60.7%
+670 bps

Covalon Operating Expenses (2024 / change vs. 2023)

Q4

\$4.7M
- \$1.1M

FY

\$16.8M
- \$2.1M

Financial Highlights – Income, Earnings and Cash

Covalon Adjusted EBITDA (2024 / change vs. 2023)

Q4

\$1.1M
+\$2.9 million

FY

\$4.8M
+\$7.5 million

Covalon Earnings Per Share (2024 / change vs. 2023)

Q4

\$.02 per share
+\$.14 per share

FY

\$.11 per share
+\$.29 per share

Covalon Cash Position (2024 / change vs. 2023)

Sept 30, 2024

\$16.7M
+ \$7.9M
vs. Sept 30, 2023

US Vascular Access and Surgical Consumables – Strong Focus Driving Outstanding Growth

8 of the 10 best US Children's Hospitals¹ trust Covalon to protect their patients



RETAIN



98% retention of our Top 50 FY'23 hospital customers

GROW EXISTING



55% revenue growth from our Top 50 FY'23 hospital customers

ADD NEW



Acquired **66 new hospital customers** in FY'24



US Vascular Access and Surgical Consumables Strong Focus Driving Outstanding Growth

10 of the 15 largest US Children's hospitals¹ trust Covalon to protect their patients



>100% growth at 6 of these accounts in FY'24

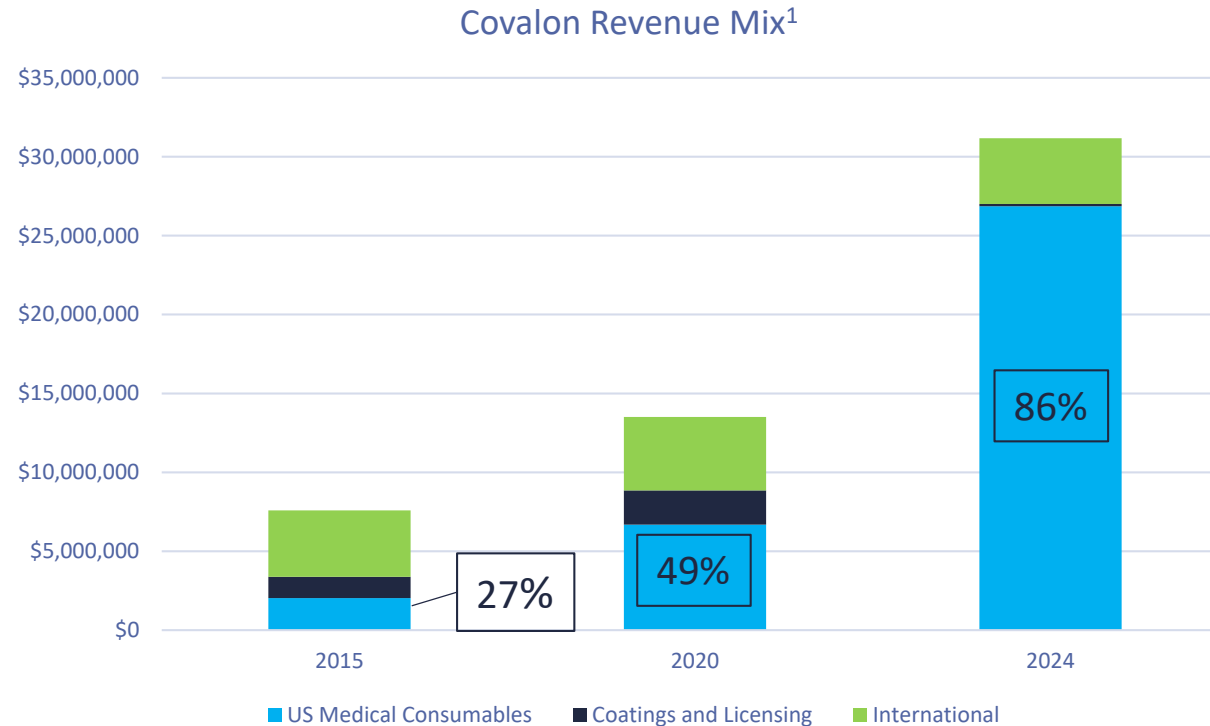
of these accounts with >\$100k in annual revenue

- 2022 = 1 account
- 2023 = 3 accounts
- 2024 = 7 accounts



Strong
VALGuard®
success

Shifting to a More Predictable High Growth Covalon



US Medical Consumables Business – “sticky” recurring revenue model leads to greater growth consistency

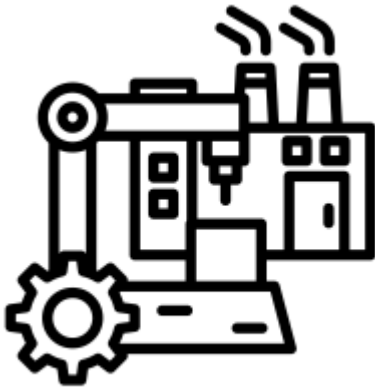
Covalon 2025 Focus for the Future



Growth-Focused Commercial Advancement



Market Development Acceleration



Operational Optimization



Innovation and Business Development

Summary

- Exciting 2024 with a lot of impactful accomplishments and outcomes
- Strong fourth quarter and full year fiscal 2024 performance
- Significant multi-year growth opportunity ahead of us



Q&A





Investor Relations Contact Information



Brent Ashton
Chief Executive Officer



Katie Martinovich
Interim Chief Financial Officer

investors@covalon.com

covalon
TECHNOLOGIES LTD.

Fourth Quarter 2024 Results

	Q4 FY'24	Q4 FY'23	Delta
Revenue	\$8.9	\$6.9	+ 29.0%
Gross Profit (Gross Margin)	\$5.3 (60.2%)	\$2.9 (41.9%)	+ 82.8%
Operating Expenses (% to Revenue)	\$4.7 (52.8%)	\$5.8 (84.1%)	- 3,130 bps
EBITDA (% to Revenue)	\$0.9 (10.1%)	-\$2.6 (-37.7%)	+ \$3.5
Adjusted EBITDA (% to Revenue)	\$1.1 (12.4%)	-\$1.8 (-26.5%)	+ \$2.9
Net Income	\$0.6	-\$2.9	+ \$3.5
EPS (cents per share)	\$0.02	-\$0.12	+ \$0.14

Full Year Fiscal 2024 Results

	FY'24	FY'23	Delta
Revenue	\$31.1	\$26.6	+16.9 %
Gross Profit (Gross Margin)	\$18.9 (60.7%)	\$14.4 (54.0%)	+ 31.3%
Operating Expenses (% to Revenue)	\$16.8 (54.0%)	\$18.9 (71.1%)	- 1,710 bps
EBITDA (% to Revenue)	\$3.7 (12.0%)	-\$3.5 (-13.2%)	+ \$7.2
Adjusted EBITDA (% to Revenue)	\$4.8 (15.4%)	-\$2.7 (-10.2%)	+ \$7.5
Net Income	\$2.7	-\$4.5	+ \$7.2
EPS (cents per share)	\$0.11	-\$0.18	+ \$0.29

Past 6 Quarters of Financial Performance

	Q3 FY'23	Q4 FY'23	Q1 FY'24	Q2 FY'24	Q3 FY'24	Q4 FY'24
Revenue	\$6.3	\$6.9	\$4.7	\$8.4	\$9.2	\$8.9
Gross Profit (Gross Margin)	\$3.6 (57.5%)	\$2.9 (41.9%)	\$2.8 (61.1%)	\$5.3 (63.1%)	\$5.4 (58.9%)	\$5.3 (60.2%)
Operating Expenses (% to Revenue)	\$4.2 (66.7%)	\$5.8 (83.4%)	\$4.3 (92.7%)	\$3.8 (45.4%)	\$4.0 (43.7%)	\$4.7 (52.8%)
Adjusted EBITDA (% to Revenue)	-\$0.4 (-6.3%)	-\$1.8 (-26.5%)	-\$1.3 (-28.1%)	\$2.5 (29.6%)	\$2.4 (25.8%)	\$1.1 (12.4%)
Net Income (loss)	-\$0.5	-\$2.9	-\$0.9	\$1.5	\$1.4	\$0.6
EPS (cents per share)	-\$0.02	-\$0.12	-\$0.03	\$0.06	\$0.06	\$0.02

FY'24 Balance Sheet and Cash

	Q1 FY'24	Q2 FY'24	Q3 FY'24	Q4 FY'24
Cash	\$8.3	\$7.3	\$9.4	\$16.7
Net Working Capital	\$14.8	\$16.9	\$18.8	\$25.0
Shareholders' Equity	\$17.7	\$19.8	\$21.8	\$27.5
Debt	\$----	\$----	\$----	\$----
Current Ratio	4.8	6.8	5.2	7.3