

## **Covalon Reports Highest Revenue Quarter of Fiscal Year 2025, Delivers Third Consecutive Year of Revenue Growth**

MISSISSAUGA, Ontario – December 11, 2025 – (BUSINESS WIRE) – Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV; OTCQX: CVALF), an advanced medical technologies company, today announced its fiscal 2025 fourth quarter and full 2025 fiscal year results for the period ended September 30, 2025, along with a number of important recent achievements and highlights.

Brent Ashton, Covalon's Chief Executive Officer, commented, *"Covalon has made significant progress as a company to close out our fiscal year 2025. We delivered our highest revenue quarter of the year in Q4 and are proud to see numerous growth-focused elements around commercial advancement, market development, innovation, and operations making an impact. We're excited for these actions to accelerate growth even further in 2026 and beyond."*

*2025 has been a challenging year for most companies, although Covalon managed to do very well. With a new administration in place in the United States, where the vast majority of Covalon's revenue is generated, there was a large amount of uncertainty around trade and other policy areas. Covalon navigated through this uncertainty successfully, growing global revenue by 5% to \$32.8 million for FY'25 and incurring just 0.1% of our FY'25 revenue in tariff expense.*

*With our strong financial position, with revenue up more than 80% from FY'22, with \$17 million in cash and no debt, and the continued success we've had in accelerating the adoption of our unique and impactful products, we were delighted to be able to pay Covalon's first ever special dividend of \$0.15 per share a few weeks ago.*

*As I head into my third year as CEO, I'm extremely proud of the advancements that we have made over the past few years and laser-focused on actions to accelerate growth and increase shareholder value in FY'26 and beyond."*

### **Recent Covalon Achievements and Highlights:**

- On December 10, 2025, the Company's Board of Directors approved the appointment of Katie Martinovich as Chief Financial Officer and the removal of the "Interim" designation from her title. This decision reflects the Board's acknowledgment of Ms. Martinovich's loyal and dedicated contributions in leading the Company's financial management and contributions during her tenure as Interim CFO.
- Recently secured a new direct strategic partner for the Company's US Advanced Wound Care sales channel. This new partner placed a first purchase order totalling more than \$1 million that will be delivered in the company's second quarter of fiscal year 2026.



- The Company successfully paid a cash dividend of \$0.15 CAD per share to shareholders of record as of November 4, 2025. This dividend, the first in the Company's history, reflects its strong financial performance and continued success in accelerating the adoption of its unique, patented, life-saving and life-improving medical technologies. Following the \$4.1 million dividend payment, the Company had \$17.0 million CAD in cash as of December 5, 2025, compared to \$16.7 million CAD as of September 30, 2024.

Link to press release:

<https://ir.covalon.com/news/news-details/2025/Covalon-Technologies-Ltd--Announces-Payment-of-First-Ever-Dividend-Marking-a-Milestone-in-Financial-Strength/default.aspx>

- A landmark peer-reviewed clinical study investigating the use of Covalon's VALGuard® Vascular Access Line Guard published in the *Journal of the Association for Vascular Access* ("JAVA") in mid-September. Conducted at the Children's Hospital at Montefiore, a nationally ranked U.S. pediatric hospital, the study demonstrated a significant reduction in central line-associated bloodstream infections (CLABSI). The Company has leveraged this impactful study extensively in a variety of evidence dissemination actions to accelerate adoption of this life-saving technology.

Link to press release:

<https://ir.covalon.com/news/news-details/2025/Covalon-Announces-Publication-of-Impactful-VALGuard-Line-Guard-Clinical-Study-Demonstrating-Significant-Reduction-in-Central-Line-Associated-Blood-Stream-Infections-CLABSI/default.aspx>

- Conducted a "Fireside Chat" with Mathieu Martin, Portfolio Manager of the Rivemont MicroCap Fund at Planet MicroCap Toronto on October 22.

Link to audio recording:

[https://www.youtube.com/watch?v=S4yLr5Zp\\_o](https://www.youtube.com/watch?v=S4yLr5Zp_o)

- The U.S. Vascular Access and Surgical Consumables sales channel delivered another record high quarter of revenue with growth of more than 50% over FY'24-Q4, heavily fueled by accelerated adoption of the Company's VALGuard® Vascular Access Line Guard.
- The International sales channel nearly doubled revenues over FY'24-Q4 and grew over 40% for the full year. The Company has recently secured several new distribution agreements and new product registrations that will help fuel further growth acceleration in the coming quarters.
- Successfully completed an ISO 13485 surveillance audit with zero non-conformances, a result that underscores the strength and maturity of the Company's quality management system. This reflects Covalon's disciplined operational execution, commitment to regulatory excellence, and continued focus on delivering safe, high-quality products to patients and healthcare providers worldwide.



- Led impactful activities at several recent scientific meetings in the United States, including the Association for Vascular Access annual meeting, the Association of Pediatric Hematology/Oncology Nurses (APHON) annual meeting, and the ANCC National Magnet Conference. Covalon's actions included a well-attended podium presentation, poster displays and a strong booth presence for customer engagement. Covalon generated over 700 customer leads from these events, a nearly 30% increase over the same events from the prior year.

## Financial Summary:

Financial Results for the three months ended September 30, 2025 were:

	<b>Three Months Ended Sept 30</b>	
	<b>2025</b>	<b>2024</b>
Revenue	\$8,691,972	\$8,867,558
Gross profit	\$4,445,397	\$5,342,001
Gross Margin %	51.2%	60.2%
Operating Expenses	\$4,199,551	\$4,677,625
Net Income	\$358,337	\$612,867
Adjusted EBITDA	\$695,603	\$1,105,641
Earnings Per Share (Diluted)	\$0.01	\$0.02

Financial Results for the twelve months ended September 30, 2025 were:

	<b>Twelve Months Ended Sept 30</b>	
	<b>2025</b>	<b>2024</b>
Revenue	\$32,816,347	\$31,168,532
Gross profit	\$17,471,864	\$18,932,725
Gross Margin %	53.2%	60.7%
Operating Expenses	\$15,708,192	\$16,781,692
Net Income	\$2,058,089	\$2,669,792
Adjusted EBITDA	\$3,709,818	\$4,840,931
Earnings Per Share (Diluted)	\$0.07	\$0.11



## **Conference Call Scheduled**

A conference call and webcast to discuss Covalon's fiscal 2025 Q4 financial results will be held on Thursday, December 11 at 8:30am Eastern Time. To view, listen to, and participate in the live webcast, please follow the link below:

<https://events.q4inc.com/attendee/516259946>

To listen and participate via the conference call, please dial:

North American Toll-Free: 1-800-549-8228

Local (Toronto): 289-819-1520

Local (New York): 646-564-2877

Conference ID: 57487

Participants will be able to ask questions of Company management during the Q&A portion of the conference call.

A recording of the call will also be available on [www.covalon.com](http://www.covalon.com) under Financials on the Investors tab.



## **Financial Performance**

### **For the three-month period ended September 30, 2025:**

Total revenue decreased 2% to \$8,691,972 compared to \$8,867,558 in the same period of the prior year. Product revenue decreased by 3.5% to \$8,542,367 compared to \$8,850,134, influenced by a normalization of channel inventory for one of the Company's US Advanced Wound Care strategic partners and disruption related to an ownership transition of a different US Advanced Wound Care strategic partner. This decline was partially offset by strong growth from the Vascular Access and Surgical Consumables sales channel.

Development and consulting services revenue amounted to \$7,064 compared to \$5,839 in the same period last year. Licensing and royalty fees were \$142,541 compared to \$11,585. Revenue in these categories may fluctuate from quarter to quarter due to variations in contractual arrangements, and the completion of related service obligations.

The Company reported a gross margin of 51% for the period, compared to 60% in the same period of the prior year. The year-over-year decrease in gross margin was primarily driven by changes in geographic and product mix.

Total operating expenses decreased 10% to \$4,199,551 from \$4,677,625, driven mainly by the absence of prior-year non-recurring initiatives.

The operations department covers expenses related to quality control, quality assurance, production, and regulatory activities. Operations expenses increased to \$628,296 compared to \$311,324 in the same period of the prior year. This is primarily driven by one-time expenses related to regulatory submission requirements.

Research and development expenses decreased to \$314,811 compared to \$453,511 in the same period of the prior year primarily due to lower patent & trademark costs as the costs can vary by quarter and fiscal year due to the timing and region of the renewals.

Sales and marketing expenses stayed relatively consistent at \$1,171,363, compared to \$1,135,331 in the same period of the prior year.

General and administrative expenses decreased to \$2,085,081, compared to \$2,777,459 in the same period of the prior year. The decrease driven mainly by lower professional fees and the absence of non-recurring initiatives incurred in the prior year. Wages, benefits, and consulting fees included non-cash share-based compensation expenses of \$63,634; up from \$58,488 in the prior year. These costs reflect outstanding stock options and deferred share units (DSUs) and their respective fair values.



**For the year ended September 30, 2025:**

Total revenue increased by 5% to \$32,816,347 compared to \$31,168,532 in the same period of the prior year. Product revenue rose by 5% to \$32,578,702 from \$31,020,731 driven by continued growth in two of the Company's three strategic sales channels – US Vascular Access and Surgical Consumables, and International. The third sales channel, US Advanced Wound Care, decreased due to the normalization of inventory levels within the channel and Q4 disruption related to an ownership transition of a US Advanced Wound Care strategic partner. Development and consulting services revenue declined 79% to \$12,890 from \$62,479, reflecting the Company's focus on its United States product business. Licensing and royalty fees amounted to \$224,755 compared to \$85,322.

Gross margin for the year ended September 30, 2025, was 53%, compared to 61% for the same period in the prior year. This year-over-year decrease primarily reflects a write-off and destruction of slow moving and obsolete inventory as well as a shift in the mix of products sold and the geographical region, which can naturally impact margins depending on product type and geographic distribution. Excluding inventory write-offs for the year, gross margin for the year ended September 30, 2025 was 56%.

Gross margin may fluctuate from period to period due to changes in the composition of sales across product categories and regions—an inherent aspect of operating in dynamic and diverse markets.

During the twelve months ended September 30, 2025, the Company recorded inventory provisions of \$715,983, which included the write-down and destruction of obsolete inventory, and inventory that did not meet rigorous quality standards. This compares favorably to the \$1,041,964 provision recorded in the prior year and highlights the Company's ongoing commitment to product quality, as well as continuous improvements in inventory management and supply chain efficiency.

Operating expenses decreased by 6% to \$15,708,192 compared to \$16,781,692 in the same period of the prior year. The majority of this decrease, was driven by the absence of prior-year non-recurring initiatives and expense reductions realized across all operating departments sales. These savings reflect the Company's ongoing focus on cost efficiency and disciplined expense management.

Operations expenses were relatively consistent at \$1,966,937, compared to \$1,973,752 in the prior year.

Research and development expenses decreased to \$1,319,949 compared to \$1,594,079 in the same period of the prior year, driven by the capitalization of current-period patent registration and legal costs for new patents and the higher level of expensed patent maintenance fees in the prior year.



Sales and marketing costs decreased to \$4,752,410 compared to \$5,432,463 in the same period of the prior year, due primarily to company's strategic efforts to streamline operations and align resources more closely with current key initiatives to support our long-term growth plan.

General and administrative expenses decreased to \$7,668,896 compared to \$7,781,398 in the same period of the prior year. The decrease was driven by lower professional fees as external consulting, legal, and accounting spend declined, reflecting ongoing cost optimization and greater internal handling of routine compliance and administrative activities.

Wages, benefits, and consulting fees (for all departments) include a non-cash expense related to stock options that the Company had previously granted. During the twelve months ended September 30, 2025, stock-based compensation expense was \$274,075 compared to \$405,981 in the prior year. These expenses reflect the number of options and DSU's outstanding and their respective fair values for accounting purposes.



## Q4 Financial Overview

### Statement of Operations

The following audited table presents Covalon's consolidated statements of operations for the three- and twelve-month periods ended September 30, 2025 and 2024:

	Three months ended September 30,		Twelve months ended September 30,	
	2025	2024	2025	2024
<b>Revenue</b>				
Product	<b>\$8,542,367</b>	\$8,850,134	<b>\$32,578,702</b>	\$31,020,731
Development and consulting services	<b>7,064</b>	5,939	<b>12,890</b>	62,479
Licensing and royalty fees	<b>142,541</b>	11,485	<b>224,755</b>	85,322
<b>Total revenue</b>	<b>8,691,972</b>	8,867,558	<b>32,816,347</b>	31,168,532
<b>Cost of sales</b>	<b>4,246,575</b>	3,525,557	<b>15,344,483</b>	12,235,807
<b>Gross profit</b>	<b>4,445,397</b>	5,342,001	<b>17,471,864</b>	18,932,725
<b>Operating expenses</b>				
Operations	<b>628,296</b>	311,324	<b>1,966,937</b>	1,973,752
Research and development activities	<b>314,811</b>	453,511	<b>1,319,949</b>	1,594,079
Sales, marketing and agency fees	<b>1,171,363</b>	1,135,331	<b>4,752,410</b>	5,432,463
General and administrative	<b>2,085,081</b>	2,777,459	<b>7,668,896</b>	7,781,398
	<b>4,199,551</b>	4,677,625	<b>15,708,192</b>	16,781,692
<b>Finance expenses (income)</b>	<b>(112,491)</b>	51,509	<b>(444,107)</b>	91,249
<b>Loss/(gain) on finance lease receivable</b>	<b>-</b>	-	<b>149,690</b>	(610,008)
<b>Net income</b>	<b>\$358,337</b>	\$612,867	<b>\$2,058,089</b>	\$2,669,792
<b>Income per common share</b>				
Basic income per share	<b>\$0.01</b>	\$0.02	<b>\$0.08</b>	\$0.11
Diluted income per share	<b>\$0.01</b>	\$0.02	<b>\$0.07</b>	\$0.11

### Non-GAAP Financial Measures

This press release makes reference to certain non-GAAP measures. These measures are not recognized or defined measures under IFRS Accounting Standards, do not have standardized meaning prescribed by IFRS Accounting Standards and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional financial information to complement those IFRS Accounting Standards measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS Accounting Standards. The non-GAAP financial measures, adjustments, and reasons for adjustments should be carefully evaluated as these measures have limitations as analytical tools and should not be used in substitution for an analysis of the Company's results under IFRS Accounting Standards. We use non-GAAP





measures including “Adjusted Gross Margin” and “Adjusted EBITDA” to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS Accounting Standards measures. We believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. Our management also uses non-GAAP measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. The following non-GAAP financial measures are presented in this news release, and a description of the calculation for each measure is included below:

- Adjusted Gross Margin is defined as gross profit before operating expenses, plus depreciation and amortization included in cost of sales, plus inventory provision amounts.
- Adjusted EBITDA as earnings (loss) before interest expense (income), depreciation and amortization, stock-based compensation, inventory provisions (reversals), accounts receivable write-offs, gain (loss) on finance lease receivable, and loss (gain) on disposal of property and equipment.

You should also be aware that the Company may recognize income or incur expenses in the future that are the same as, or similar to some of the adjustments in these non-GAAP financial measures. Because these non-GAAP financial measures may be defined differently by other companies in our industry, our definitions of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing their utility.

The table below provides a reconciliation of gross profit before operating expenses under IFRS Accounting Standards in the consolidated financial statements to Adjusted Gross Margin for the three months, and twelve months ended September 30, 2025 and 2024. Management believes that Adjusted Gross Margin is useful in assessing the performance of the Company’s ongoing operations and its ability to generate cash flows from period to period. The adjusting items below are considered to be outside of the Company’s core operating results, and these items can distort the trends associated with the Company’s ongoing performance, even though some of those expenses may recur.

	Three months ended September 30,		Year ended September 30,	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Gross profit before operating expenses	<b>\$4,445,397</b>	\$5,342,001	<b>\$17,471,864</b>	\$18,932,725
Add: Depreciation and amortization	<b>40,890</b>	56,898	<b>223,342</b>	225,785
Add: Inventory provisions (reversals)	<b>136,834</b>	135,263	<b>715,983</b>	1,041,964
Adjusted Gross Margin	<b>4,623,121</b>	5,534,162	<b>18,411,189</b>	20,200,474
Adjusted Gross Margin (%)	<b>53%</b>	62%	<b>56%</b>	65%



The table below provides a reconciliation of net loss under IFRS Accounting Standards in the consolidated financial statements to Adjusted EBITDA for the three and twelve months ended September 30, 2025 and 2024. Management believes that these non-GAAP measures are useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements from period to period. The adjusting items below are considered to be outside of the Company's core operating results, and these items can distort the trends associated with the Company's ongoing performance, even though some of those expenses may recur.

	Three months ended September 30,		Year ended September 30,	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Net income	<b>\$358,337</b>	\$612,867	<b>\$2,058,089</b>	\$2,669,792
Add: Finance expense (gains)	<b>(112,491)</b>	51,509	<b>(444,107)</b>	91,249
Add: Depreciation and amortization	<b>248,144</b>	252,092	<b>954,943</b>	986,458
Add: Stock based compensation	<b>63,634</b>	58,488	<b>274,075</b>	405,981
Add: Inventory provisions (reversals)	<b>136,834</b>	135,263	<b>715,983</b>	1,041,964
Add: Impairment of intangible assets	-	-	-	175,052
Add: Loss (gain) on disposal of property and equipment	<b>1,145</b>	(4,578)	<b>1,145</b>	80,443
Add: Gain of finance lease receivable	-	-	<b>149,690</b>	(610,008)
Adjusted EBITDA	<b>\$695,603</b>	\$1,105,641	<b>\$3,709,818</b>	\$4,840,931

Those interested in learning about Covalon's solutions may visit [www.covalon.com](http://www.covalon.com) or follow Covalon on [LinkedIn](#), [Facebook](#), [Instagram](#), or [X](#).

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### About Covalon

Covalon is a leading MedTech company dedicated to improving patient outcomes through innovative and compassionate medical products and technologies. Our expertise spans advanced wound care, vascular access, and surgical consumables, with a strong focus on enhancing healing, reducing healthcare-associated infections (HAIs), and protecting skin integrity. Our solutions are designed for patients and made for care providers. The Company is listed on the TSX Venture Exchange (COV) and trades on the OTCQX Market (CVALF). To learn more about Covalon, visit our website at [www.covalon.com](http://www.covalon.com).



*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

*This news release may contain 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", or variations of such words and phrases or state that certain actions, events, or results "may", "could", "would", "might", "will" or "will be taken", "occur", or "be achieved". In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts, but instead represent management's expectations, estimates, and projections regarding future events. Forward-looking statements involve risks and uncertainties, including, but not limited to, the factors described in greater detail in the "Risks and Uncertainties" section of our management's discussion and analysis of financial condition and results of operations for the year ended September 30, 2025, which is available on the Company's profile at [www.sedarplus.ca](http://www.sedarplus.ca), any of which could cause results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. Investors should not place undue reliance on any forward-looking statements. The forward-looking statements contained in this news release are made as of the date of this news release, and the Company assumes no obligation to update or alter any forward-looking statements, whether as a result of new information, further events, or otherwise, except as required by law.*

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