covalon TECHNOLOGIES LTD.

NEWS RELEASE

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Covalon Reports 2026 Second Quarter Results

- Reports Strong Revenue, Gross Margin, and Income Growth
- Details Exciting Progress on Contamination Prevention Category Creation

MISSISSAUGA, Ontario – May 21, 2026 – (BUSINESS WIRE) – Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV; OTCQX: CVALF), an advanced medical technologies company, today announced its fiscal 2026 second quarter results for the period ended March 31, 2026, along with its recent achievements and highlights. Full financial statements and management discussion and analysis are available on the Company's profile at www.sedarplus.ca.

Brent Ashton, Covalon's Chief Executive Officer, commented, "Covalon's second quarter of fiscal 2026 demonstrated strong year-over-year revenue growth of 15%, led by both the U.S. Vascular Access and Surgical Consumables and U.S. Advanced Wound Care sales channels. The Company's gross margin of 61.5% represents a 690-basis-point improvement from a year ago and is a testament to the work being done to drive accelerated growth of our most profitable products. Net income was $1.1 million, which was 155% greater than the same period last year.

These strong quarterly results reflect one part of the progress Covalon is achieving. The larger MedTech advancement is Covalon's active role in creating an exciting new vascular access clinical category of 'Contamination Prevention'. This category is built around two complementary Covalon products that help save nursing time, reduce costs for healthcare facilities and, most importantly, prevent patient complications, including serious bloodstream infections that carry high mortality rates.

Covalon's VALGuard® Line Guard protects IV line connections and access points from contamination. The Company's CovaClear® Cover dressings protect primary IV dressings from the same threat. No competitor offers a fit-for-purpose, clinically indicated solution. Covalon does, and we are seeing a rapid increase in adoption for these products at leading hospitals across the United States and beyond.

This is not a niche application - the complications from unprotected contamination events carry real consequences. It is estimated that each year, tens of thousands of patients die from infections caused by contaminated IV components. Beyond the tragic human toll, these unprotected contamination events also result in significant nursing time diverted away from proactive patient care and substantial additional supply costs to hospitals and other healthcare facilities. The clinical and economic burden is enormous and largely preventable.

Category creation in MedTech does not happen overnight, but it is a high-return strategy. It requires clinical evidence, engagement with key opinion leaders, clinical practice influence, and sustained commercial investment. Covalon is actively advancing this strategy now. In addition to significant customer attention and revenue growth, this work is driving exciting new business development engagement with other companies in the vascular access space.

Contamination Prevention represents a billion-dollar-plus addressable market for Covalon's products in this category. Covalon is building toward this exciting opportunity deliberately and with urgency. To illustrate how quickly adoption can evolve, in our most recent quarter, we doubled our U.S. revenue for

the CovaClear® Cover dressings versus the prior quarter and increased it to more than six times the level recorded in the same period a year ago. Our future pipeline of account opportunities is extremely robust for both CovaClear® Cover dressings and VALGuard® Line Guard.

When I look at everything underway across our organization, including the encouraging category creation work, alongside a pristine balance sheet that carries more than $16 million in cash and zero bank debt, the picture is compelling. We have the financial foundation and the operational momentum to execute, and I believe we are only beginning to scratch the surface of what Covalon can achieve."

Financial Summary

	Three Months Ended March 31,	
	2026	2025
Revenue	$8,727,014	$7,585,968
Gross Profit	$5,363,389	$4,139,506
Gross Margin %	61.5%	54.6%
Operating Expenses	$4,443,400	$3,857,686
Net Income	$1,093,449	$429,139
Adjusted EBITDA	$1,318,325(1)	$580,981(1)
Earnings Per Share (Diluted)	$0.04	$0.02

	Six Months Ended March 31,	
	2026	2025
Revenue	$15,615,316	$15,751,948
Gross Profit	$9,371,620	$9,133,972
Gross Margin %	60.0%	58.0%
Operating Expenses	$8,399,387	$7,537,484
Net Income	$1,218,826	$1,635,185
Adjusted EBITDA	$1,745,224(1)	$2,128,652(1)
Earnings Per Share (Diluted)	$0.04	$0.06

(1) See "Non-GAAP Measures" below, including for a reconciliation of the non-GAAP measures used in this release to the most comparable IFRS Accounting Standards measures.

The Company's cash position on March 31, 2026, was approximately $16.6 million.

Recent Covalon Achievements and Upcoming Events

- A recent evaluation of Covalon's CovaClear® Cover dressings at one of the largest hospitals in the northeastern United States went extremely well. The hospital has informed Covalon that it will be adopting the solution for broad use throughout its facility. A sizable initial order has been placed to provide inventory to support more than 30 different supply locations within its main facility and satellite campuses. This significant adoption is further proof of the Company's rapidly accelerating Contamination Prevention solution.

- A peer-reviewed study recently published in *Advances in Neonatal Care* (April 2026) documented a significant reduction in central line-associated bloodstream infection (CLABSI) rates at Children's Hospital Colorado following a three-phased intervention program that included the adoption of Covalon's VALGuard® Line Guard. This study adds to the growing body of clinical evidence supporting the use of Covalon's Contamination Prevention products. The study can be found at: https://journals.lww.com/advancesinneonatalcare/abstract/2026/04000/implementing_a_sustainable,_phased_approach_to.3.aspx

- Contamination Prevention is gaining significant recognition across the infection prevention and vascular access clinical communities, with the topic of IV line connector and access point contamination selected as part of the official education programs at three of the most influential conferences in the field: the 2026 Infusion Nurses Society (INS) Annual Meeting, the 2026 Association for Professionals in Infection Control and Epidemiology (APIC) Annual Conference in June, and the 2026 Association for Vascular Access (AVA) Annual Scientific Meeting in October. Together, these conferences reach thousands of nurses and infection preventionists, and inclusion in the education programs at all three meetings represents meaningful validation of the growing clinical attention to Contamination Prevention, elevated by notable key opinion leaders and reinforced through peer-to-peer education.

- On February 24, 2026, Covalon partnered with the Association for Vascular Access (AVA) and internationally recognized vascular access expert Dr. Nancy Moureau to host a continuing education webinar focused on contamination prevention. The event demonstrated strong market validation and meaningful clinical community engagement with more than 600 clinicians attending live and many viewing afterward. Live participants rated the webinar 4.83 out of 5 for impact, and more than 100 attendees requested immediate follow-up, representing a direct, qualified pipeline of clinical contacts actively seeking solutions. For a company actively building a new clinical category, a third-party credentialed platform, with the reach of AVA and a globally respected key opinion leader, is exactly the type of initiative that accelerates protocol adoption and standard-of-care recognition.

- The Company recently participated in two major industry conferences, the Infusion Nurses Society (INS) Annual Meeting and the Symposium on Advanced Wound Care (SAWC), generating strong commercial momentum across both its vascular access and wound care platforms. At INS, the Company engaged in high-quality conversations with clinicians across hospitals, clinics, and home infusion settings, with notable reinforcement from a presentation by Dr. Moureau on IV

connection and access point contamination. At SAWC, CEO Brent Ashton and Strategic Accounts Leader Nicola Muzzin held productive meetings with leaders in the wound care space. Across both events, engagement extended meaningfully beyond the clinical community, with Covalon advancing discussions with numerous industry participants as the Company continues to advance opportunities to accelerate its growth strategy and broaden the reach of its technology platforms.

Conference Call Scheduled

A conference call and webcast to discuss Covalon's fiscal 2026 Q2 results will be held on Thursday, May 21, 2026 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/485973962

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

USA Toll-Free: 1-800-715-9871
Canada Toll-Free: 1-800-715-9871
Local (Toronto): 647-932-3411
Conference ID: 4934172

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 http://ir.covalon.com under Quarterly Results on the Financials tab.

Those interested in learning about Covalon's solutions may visit www.covalon.com or follow Covalon on LinkedIn, Facebook, Instagram, or X.

Non-GAAP Financial Measures

This press release refers 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 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, loss (gain) on lease liability, 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 net income under IFRS Accounting Standards in the unaudited condensed consolidated interim financial statements to Adjusted EBITDA for the three and six months ended March 31, 2026. 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 March 31,		Six months ended March 31,	
	2026	2025	**2026**	2025
Net income	**$1,093,449**	$429,139	**$1,218,826**	$1,635,185
Add: Finance expense (income)	**(73,957)**	(147,319)	**(197,675)**	(188,387)
Add: Depreciation and amortization	**244,089**	233,621	**486,606**	490,746
Add: Stock based compensation	**71,379**	65,540	**138,909**	156,063
Add: Inventory provisions (reversals)	**82,868**	-	**147,476**	(114,645)
Add: Loss on finance lease receivable	**-**	-	**50,585**	149,690
Add: Gain on lease liability	**(99,503)**	-	**(99,503)**	-
Adjusted EBITDA	**$1,318,325**	$580,981	**$1,745,224**	$2,128,652

To learn more about Covalon, please contact:

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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.

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, 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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