

## Covalon Announces Record Positive Results For Fiscal 2017

MISSISSAUGA, Ontario--(BUSINESS WIRE)--Dec. 18, 2017-- Mr. Brian Pedlar, President and CEO of Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV; OTCQX: CVALF), is delighted to announce that Covalon has achieved the best financial results in its history for the fiscal 2017 year-end.

### Fiscal 2017 Summary Results

- Total revenue for the three months ended September 30, 2017, increased 1,027% to \$9,836,953 compared to \$872,570 for the same period of the prior year.
- Total revenue for the year ended September 30, 2017 was \$27,309,757 compared to \$6,581,166 for the same period of the prior year.
- Product revenue for the year increased 331% to \$24,681,335 compared to \$5,729,011 for the same period last year.
- Gross margin on product sales for the year ended September 30, 2017 increased to 85%
- Net income for the year was \$1,811,694, compared to a net loss of \$3,095,148 in fiscal 2016.

### CEO Comment

Mr. Pedlar, Covalon President and CEO, stated:

"Fiscal 2017 has been a historic year for Covalon. We substantially increased our revenue year-over-year to \$27 million and have been able to generate a \$1.8 million profit for the year. This demonstrates we are well on the right path to growing Covalon and to generating value for our shareholders. We have proven that we can compete with the largest companies in our markets based on the clinical strength of our products. To that end, we have launched a number of products over the past year, including an improved version of IV Clear, significant expansion of our CovaWound line of advanced wound care products and several new MediClear branded products in our peri-operative portfolio, including MediClear PreOp. I anticipate these products will begin to contribute to our growth in fiscal 2018.

Our products have demonstrated their clinical relevance by displacing and capturing market share in the key markets that we focussed on in 2016 and 2017. Revenue growth this year has been driven by our success in the Middle East and continued steady growth in the United States of our IV Clear vascular access dressings and our ColActive Plus advanced wound care dressings. I anticipate that we will continue to grow our presence in these markets, as we focus on marketing our many new products introduced in 2016 and 2017. At the same time, we have begun the process of expanding our business prospects in key markets such as the United Kingdom, Latin America, and the United States.

Looking forward to fiscal 2018, we anticipate beginning to generate revenue in new markets. We anticipate generating revenue in Europe, including sales of our CovaWound line of products into the United Kingdom, and sales of MediClear PreOp into the United States. We are expecting to begin sales into Mexico, Chile, and other selected Latin American markets during fiscal 2018 as well. Our work with MPA Morrison Park Advisors Inc. is progressing well and we are actively assessing a number of acquisition opportunities to see which one might best fit our growth plans. We are well positioned for continued growth into fiscal 2018 and seeing our success translate to increases in shareholder value as a result."

### Company Highlights

The improvement in the Company's revenues this fiscal year, compared to the prior year, is due to shipments of IV Clear and ColActive Plus products, including fulfilling tenders awarded to the Company by the Ministry of Health in Saudi Arabia and growth in the United States. Gross margins increased to 85%, compared to 70% in the comparative period, driven mainly by product mix and increased volume of product sales.

Licensing and royalty fees revenue for the year was \$1,762,283 compared to \$802,816 for the year ended September 30, 2016. Development and consulting services revenue for the year was \$866,139 compared to \$49,339 for the same period of the prior year.

During the year, the Company made strategic investments in beginning to establish a presence in new markets, such as the United Kingdom and Latin America, and increased our investment in our new product pipeline.

In May 2017, Covalon announced that it had engaged MPA Morrison Park Advisors Inc. as a financial advisor to help the Company accelerate its growth and expansion by pursuing strategic acquisitions and enhance the Company's profile in the capital markets and investment community. Covalon is evaluating a number of potential transactions that might best fit its future growth strategies.

On September 21, 2017, the Company announced that it had received United States Food and Drug Administration clearance to legally market and sell MediClear PreOp in the United States. MediClear PreOp can be sold to clinics, and directly to patients, without the need for a prescription. MediClear PreOp is a breathable, transparent, self-adhesive, silicone barrier film-drape that smoothly conforms to the contours of a patient's skin at the planned incision or insertion site to protect the patient from exposure to bacteria, yeast and viruses, prior to a surgery.

The Company also launched its new Centaur Coating technology that has significant advantages for companies looking to upgrade existing product lines with new low friction, low particulate enhancements that can also provide antimicrobial protection to patients. This technology has been demonstrated to be highly effective for improving the safety and functionality of intravascular medical devices such as catheters, guidewires, and delivery sheaths where the presence of unwanted particulate can cause significant patient complications.

### **Conference Call Scheduled**

A conference call to discuss Covalon's financial results will be held Tuesday December 19, 2017 at 9:00 a.m. EST. To participate in the call please dial:

Local / International: 416-640-5946  
North American Toll-Free: 1 866-233-4585

### **About Covalon**

Covalon Technologies Ltd. researches, develops and commercializes new healthcare technologies that help save lives around the world. Covalon's patented technologies, products and services address the advanced healthcare needs of medical device companies, healthcare providers and individual consumers. Covalon's technologies are used to prevent, detect and manage medical conditions in specialty areas such as wound care, tissue repair, infection control, disease management, medical device coatings and biocompatibility. To learn more about Covalon, visit our website at [www.covalon.com](http://www.covalon.com)

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*This news release contains 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" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These forward-looking statements involve risk and uncertainties, including 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. Many risks are inherent in the industry; others are more specific to the Company. Investors should consult the Company's ongoing quarterly filings for additional information on risks and uncertainties relating to these forward-looking statements. Investors should not place undue reliance on any forward-looking statements. The Company assumes no obligation to update or alter any forward-looking statements whether as a result of new information, further events or otherwise.*

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