

Covalon Announces Second Quarter Fiscal 2019 Results

- Revenue for the three months ended March 31st, 2019, was \$13.3 million, up 132%
- Gross margin for the quarter ended March 31st, 2019, was 69%
- Net loss for the quarter was \$0.2 million or \$0.01 per share, compared to a loss of \$0.4 million or \$0.02 per share last year
- Conference call scheduled for Wednesday May 29th, 2019

MISSISSAUGA, Ontario--(BUSINESS WIRE)--May 28, 2019-- Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV:COV; OTCQX:CVALF), an advanced medical technologies company, today announced its second quarter fiscal 2019 results.

Brian Pedlar, Covalon's President and CEO, said, "Our second quarter financial performance is on track in executing on our fiscal 2019 plan. Revenue is more than double last year's second quarter, with growth of 132% and business in the United States accounting for 60% of our revenue in the first half of the year. I am very pleased that Covalon is achieving its strategic objective of increasing our North American business and diversifying away from the Middle East. Combined revenue in the United States is on track to exceed \$25 million in fiscal 2019. Sales of the recently acquired AquaGuard product line are growing according to plan and our United States sales force has been engaged in the process of educating our new customer base of 1,500 hospitals on Covalon's infection prevention products. During the quarter, there were several unplanned items that impacted our overall profitability and a main focus going forward is growing profits in line with our revenue growth.

"During Q2, we continued our deliveries to schedule on the Middle East competitive contracts that we previously announced. We expect deliveries to be more heavily weighted to our fourth quarter ending September 30, 2019, for the remainder of this fiscal year."

Q2 Fiscal 2019 Financial Results

Revenue for the three months ended March 31, 2019, increased 132% to \$13,312,543 compared to \$5,727,275 for the same period of the prior year. Gross margin for the three-month period ended March 31, 2019, was 69% compared to 76% for the same period of the prior year. Net loss for the three months ended March 31, 2019, was \$232,227 or \$0.01 per share, compared to a net loss of \$479,082 or \$0.02 per share for the three months ended March 31, 2018.

Revenue for the six months ended March 31, 2019, increased 70% to \$20,574,029, compared to \$12,131,980 for the same period of the prior year. Gross margin for the six-month period ended March 31, 2019, was 67%, compared to 73% for the same period of the prior year. Net loss for the six months ended March 31, 2019, was \$2,141,638 or \$0.10 per share, compared to a net income of \$44,263 or \$0.00 per share for the six months ended March 31, 2018.

Conference Call Scheduled

A conference call to discuss Covalon's Q2 Fiscal 2019 Financial Results will be held Wednesday May 29th, 2019, at 9:00am EDT. To participate in the call, please dial:

Toll-Free: 833.299.8117
International: 647.689.4535
Conference ID Code: 1599884

A recording of the call will be available by calling 855.859.2056 or 404.537.3406 and entering the conference ID code 1599884 from May 29th, 2019, at 12:00pm EDT to June 12th, 2019, at 11:59pm EDT.

Copies of Covalon's financial statements and MD&A can be obtained on SEDAR at www.sedar.com, as well as the Investor Relations tab of the Company's website at www.covalon.com.

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 infection control, vascular access, surgical procedures, advanced wound care, and medical device coatings. To learn more about Covalon, visit our website at www.covalon.com.

Neither 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 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 completion of integration of the AquaGuard acquisition, 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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