

Covalon Delays Filing of Interim Financial Statements Due to Delays Related to COVID-19 and Provides Business Update

MISSISSAUGA, ON, May 29, 2020 /CNW/ - Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV; OTCQX: CVALF), an advanced medical technologies company, announced today that it is relying on the exemption provided in Ontario Instrument 51-502 *Temporary Exemption from Certain Corporate Financial Requirements* (and similar exemptions provided by the other Canadian securities regulators) to postpone the filing of the interim financial statements and management's discussion and analysis for the quarter ended March 31st, 2020. The Company expects to file the Documents within the 45-day postponement period.



Until the Company has filed the Documents, members of the Company's management and other insiders are subject to an insider trading black-out policy that reflects the principles in section 9 of National Policy 11-207 *Failure-to-File Cease Trade Orders and Revocations in Multiple Jurisdictions*.

An update on material business developments since the filing of the Company's interim financial report for the period ended December 31st, 2019 is described below, certain of which have already been disclosed in prior press releases:

The CovaGuard™ Technology

On March 31st, 2020, Covalon announced CovaGuard™, its new antimicrobial technology platform. The CovaGuard antimicrobial technology ("CovaGuard") is specifically formulated to be effective at killing pathogens on contact with the added benefit of providing persistent protection by trapping and deactivating microbes over an extended period.

"I am very pleased with the ongoing business discussions around our CovaGuard technology and the resulting products that have been cleared for sale," said Brian Pedlar, Covalon's Chief Executive Officer. "CovaGuard has the opportunity to be a strong platform technology for Covalon and we are in discussions with a number of potential distribution partners throughout our key markets. Many of these discussions are opening up new opportunities for Covalon and our existing portfolio of antimicrobial products."

The Company has since begun production of a hand sanitizer and antimicrobial spray based on the CovaGuard technology at its facility in Mississauga, Ontario. The Company is in the process of manufacturing an initial run of approximately 750,000 bottles of product based on inventory presently on hand. As previously reported, the Company continues to be actively engaged in discussions with potential manufacturing partners, United States distributors, and international distribution networks to increase available product and access market demand. Preliminary sales have begun in the United States and other international jurisdictions.

CovaGuard Antimicrobial Hand Sanitizer with Benzalkonium Chloride and CovaGuard Mask Antimicrobial Sanitizer with Benzalkonium Chloride are now available for purchase in the United States at covaguard.com.

In Canada, Covalon is awaiting Health Canada's approval of the product names selected by the Company. A foaming hand sanitizer, a spray sanitizer, and a surface disinfectant are anticipated to be available for use in Canada under the approved product names.

Loan from the US Paycheck Protection Program and Other COVID-19 Relief Programs

Covalon applied and was approved for a United States Paycheck Protection loan totalling USD\$1,103,861 from the US Small Business Administration under the US Paycheck Protection Program. The Loan will be forgiven if certain conditions are met, and otherwise carries interest of 1% and will be repayable over a two-year term.

The Company also applied and was approved for funding of CAD\$256,106 to date under the Canadian Emergency Wage Subsidy Program. This non-refundable subsidy assists companies that have been negatively impacted by COVID-19.

The Company continues to work with HSBC Bank Canada to apply for additional financial programs that Covalon qualifies for.

Additions to Covalon's Board of Directors

On April 23rd, 2020, Covalon announced that Martin Goldfarb, O.C., had joined its Board of Directors. On April 27th, 2020, Covalon announced that Amir Boloor had joined its Board of Directors. With these new additions, eleven directors now sit on Covalon's Board.

HSBC Banking Agreement

As at March 31, 2020, the Company did not meet several of the covenants associated with its acquisition and operating banking credit facility. Management is in continued discussions with HSBC Bank Canada ("HSBC") regarding the Company's acquisition and operating banking credit facility and is working with HSBC to obtain waivers for any covenants that the Company has not met and projects it will be unable to meet due to the ongoing indeterminate nature of the COVID-19 pandemic. Based on discussions to date, the Company continues to believe that it will obtain the necessary waivers in due course; however, no assurance can be provided. A further update will be provided at the appropriate time.

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.

CovaGuard™ is a registered trademark of Covalon Technologies Ltd. in Canada and the United States.

Certain statements contained in this press release may constitute forward-looking information. These statements relate to future events or future performance. The use of any of the words "could", "intend", "expect", "believe", "will", "projected", "estimated", "proposed" and similar expressions and statements relating to matters that are not historical facts are intended to identify forward-looking information and are based on the Company's current believe or assumptions as to the outcome and timing of such future events. Such forward-looking information is subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. In particular, this press release contains forward-looking information relating to the anticipated filing of the Company's interim financial report for the quarter ended March 31, 2020. Various assumptions or factors are typically applied in drawing conclusions or making the forecast or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company. The forward-looking information contained in this press release is made as of the date hereof and the Company is not obligated to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. Because of the risks, uncertainties and assumptions contained herein, investors should not place undue reliance on forward-looking information. The foregoing statements expressly qualify any forward-looking information contained herein.

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