

Covalon Retains Financial and Strategic Advisor to Advise on Shareholder Value-Enhancing Opportunities

MISSISSAUGA, Ontario – May 20, 2025 – (BUSINESS WIRE) – Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV; OTCQX: CVALF), an advanced medical technologies company, today announced that it has engaged Origin Merchant Partners as its financial and strategic advisor to advise on a range of opportunities aimed at maximizing shareholder value and expanding the reach of its innovative medical technologies.

With the assistance of its financial and strategic advisor, the Company is exploring a range of shareholder value-enhancing opportunities, including but not limited to:

- Joint ventures, strategic partnerships, and acquisitions;
- Mergers or mergers of equals;
- In-licensing and out-licensing of products and intellectual property;
- A listing on the NASDAQ stock exchange;
- Stock buybacks leveraging the Company's net cash balance of approximately \$18 million; and
- Potential spinoffs of one or both of its primary business segments—Advanced Wound Care and Vascular Access & Surgical Consumables—into distinct, focused entities.

"Our primary objectives are to accelerate the adoption of our products to benefit a larger patient population and to unlock the significant value we believe is inherent in our Company," said Amir Bloor, Executive Chair of Covalon. "We believe Covalon is undervalued — trading at a mid-single-digit Adjusted EBITDA multiple compared to med-tech peers in Canada and the U.S., which typically trade at significantly higher multiples. This is despite the fact that we are making long-term investments and are not focused on near-term EBITDA optimization."

Mr. Bloor also stated that "the Company's Advanced Wound Care segment, led by its collagen dressings, has grown more than 4x in the U.S. market over the past four years and contributed more than \$10 million in Adjusted EBITDA on a standalone basis in our most recent fiscal year. We believe that we still have runway to improve margins and profitability and to grow this business over a multi-year time horizon through market share expansion and the launch of new products."

"Our Vascular Access and Surgical Consumables segment—representing a smaller, but growing portion of our overall revenue today—has grown at a compound annual rate of over 50% in the U.S. market over the past three fiscal years, attracting some of the largest and most prestigious hospitals in the United States. This growth reflects the strong clinical value and differentiation of our products."

There is no assurance that the exploration of these opportunities will result in any specific transaction or outcome. Covalon will not provide any further updates on this process unless and until it determines that further disclosure is required or appropriate.



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 such as "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, and loss (gain) on disposal of property and equipment.
- EBITDA as earnings before interest, taxes, depreciation, and amortization.

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 definition of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies, thereby diminishing its utility.

Net income (loss) is the most directly comparable GAAP financial measure to EBITDA. EBITDA is useful in assessing the performance of a company's ongoing operations and its ability to generate cash flows to fund its cash requirements from period to period.

About Covalon

Covalon is a leading medical device 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.



To learn more about Covalon, please contact:

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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.

Forward-Looking Information

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, 2024, 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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