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Covalon Technologies Ltd.

September 26, 2024

Brent Ashton
– Chief Executive Officer

Forward-Looking Statements and Non-GAAP Financial Information

Certain statements included in this presentation may be considered forward-looking statements. These 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. More specifically, this presentation contains forward-looking statements which include, but are not limited to statements regarding: the Company’s corporate strategy and strategic objectives; the availability of external financing to fund the Company’s ongoing liabilities and commitments; and economic events. These forward-looking statements involve risk and uncertainties, including the impact on the Company given its current liquidity situation, 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. Such forward-looking statements should not be taken as guarantees of future performance of Covalon.

All forward-looking statements are based on Covalon’s current beliefs as well as assumptions made by and information currently available to Covalon and relate to, among other things, anticipated financial performance, business prospects, partnership opportunities, strategies, regulatory developments, market acceptance and future commitments. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation.

Due to risks and uncertainties, including the risks and uncertainties identified by Covalon in its public securities filings, actual events may differ materially from current expectations. Covalon disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Certain financial measures in this presentation – namely earnings before interest, depreciation and amortization (“EBITDA”), adjusted EBITDA, pro-forma EBITDA, free cash flow and enterprise value – are non-GAAP financial measures. While Covalon and certain of its competitors measure and evaluate the performance of their respective consolidated operations and business segments with reference to these and similar measures, non-GAAP measures do not have any standardized or prescribed meaning under IFRS Accounting Standards or otherwise and therefore are unlikely to be comparable to similar measures presented by other companies. These non-GAAP measures should not be considered in isolation or as a substitute for financial measures prepared in accordance with IFRS Accounting Standards. All non-GAAP measures are included because management monitors and uses the information on a regular basis to analyze the performance of the business and therefore may be considered useful information.

For further information about the risks and uncertainties relating to forward-looking statements included in this Memorandum, the recipient should consult the “Risks and Uncertainties” section of Covalon’s annual MD&A dated January 26th, 2024, as well as those contained in Covalon’s interim MD&As and other public record filings on SEDAR+.

All figures are in Canadian dollars, unless otherwise noted, and Covalon’s fiscal year end is September 30th.

Covalon Technologies Ltd.

We provide innovative and cost-effective healthcare solutions that help **prevent infection, reduce pain, and promote healing**






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Covalon Investment Thesis



Solving sizable customer challenges



Differentiated, protected products in attractive segments



Favorable trends and competitive environment



Strong underlying financials



Significant product and geographical growth potential



Turnaround underway by experienced leadership

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Highly Experienced Leadership Team



Brent Ashton
Chief Executive Officer

- Canadian-born and educated
  (Ivey School of Business at Western University)
- 16 Years of US-based global MedTech leadership:
  - 3M Health Care (now Solventum)
  - Becton Dickinson (BD)
- Strong domain experience in:
  - Vascular Access
  - Wound Care
  - Surgery (pre-op, intra-op, post-op)
  - Infection Prevention
  - Pre-Analytical Diagnostics
- Joined Covalon in January 2024



Kim Crooks
SVP - Operations



Dr. Val DiTizio
Chief Scientific Officer



Dr. Katherine Evely
Sr. Director, Clinical Affairs



Ron Hebert
SVP - Growth



Greg Leszczynski
VP - HR



Katie Martinovich
Interim CFO

> 100 years of collective experience at large and small MedTech companies

Covalon Market Segment Focus

Market Segment:	Advanced Wound Care	Vascular Access	Peri-Operative Consumables	Medical Device Coatings
				
Global Market Size (2023)[1]	$11 B	$4 B	$6 B	

Covalon Areas of Focus

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[1] Various Market Research sources including Grand View Research and Market Research Future

Covalon - Advanced Wound Care

The Clinical Challenge

Growing number of chronic wounds (affect 11 Million patients in the US with a cost to treat of $28 Billion)[1]

High rates of infection (~45%) stall healing and lead to complications

Without proper treatment – can lead to reduced quality of life, amputation, and even death



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[1] Sen CK. Human Wound and Its Burden: Updated 2022 Compendium of Estimates. Adv Wound Care (New Rochelle). 2023 Dec;12(12):657-670

Covalon - Advanced Wound Care

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The Covalon Solution





Helps to support wound healing to improve patient quality of life:

Before

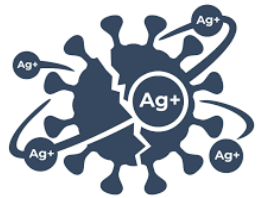


After



Absorbs 20x its weight in wound exudate while still maintaining appropriate moisture balance





Broad spectrum antimicrobial activity (with Silver product)

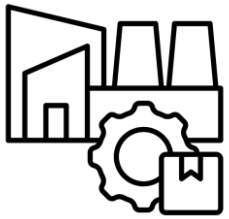
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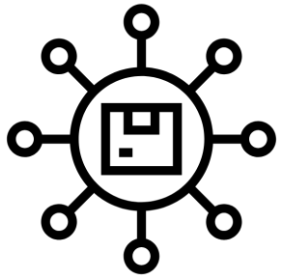
Covalon - Advanced Wound Care



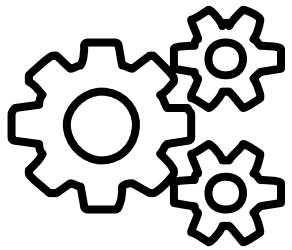
Patented technology – dressing composition and manufacturing method



Scalable in-house manufacturing



Strong OEM and distributor partners



Significant future growth potential – product + geography

US Market Dynamics

US Market Size[1]	US Market Growth[1]	Covalon 2024 YTD US Growth[2]
$2.6 Billion	8% - 10%	63%

Covalon's Largest Competitors:

3M solventum MEDLINE AROA™

How we win

- Strong differentiation: a unique formulation that takes a multi-pronged approach to healing
- Proven reliable solution - long history of success with millions of patients worldwide
- Competitive price / value with favorable reimbursement (USA)

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[1] Grand View Research
[2] First 9 months revenue FY2024 vs FY2023

Covalon - Vascular Access

The Clinical Challenge

Blood Stream Infections - kill over 28,000 people in the US each year and cost over $2 Billion[1]

Maintaining skin health and preventing Medical Adhesive Related Skin Injuries (MARSI)

Patient pain, trauma and dissatisfaction



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The Covalon Solutions

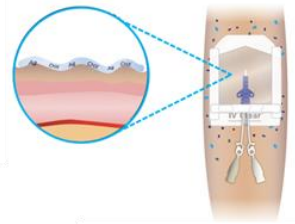


Only Catheter line guards to protect against gross contamination



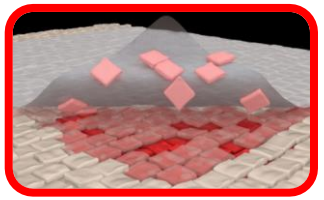


Dual-antimicrobial dressings with clear view of insertion site to aid in infection control

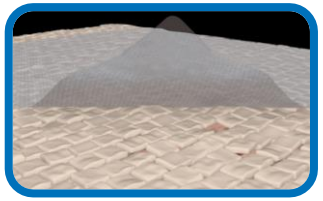




Gentle to skin silicone-adhesive provides protection against skin injury



Acrylic Adhesives



Soft Silicone Adhesives

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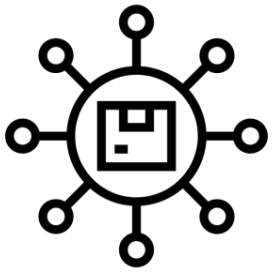
Covalon - Vascular Access



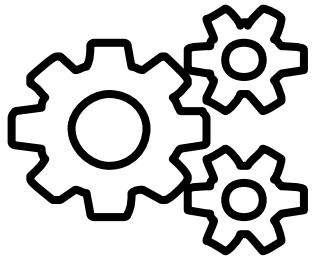
Differentiated, patented technologies



Strong support from Key Opinion Leaders



Direct to hospital sales in USA and partnerships Internationally



Significant future growth potential: product + geography

US Market Dynamics

US Market Size[1]	US Market Growth[1]	Covalon 2024 YTD US Growth[2]
$1.6 Billion	5% - 7%	59%

Covalon's Largest Competitors

3M solventum, MEDLINE, smith&nephew, Johnson&Johnson MedTech, ETHICON

How we win

- Novel products with strong value propositions
- Focus on high ROI call points – pediatric hospitals, Intensive Care Unit (ICU), oncology
- Simple but effective sales strategy – Retain, Grow, Add

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[1] Grand View Research
[2] First 9 months revenue FY2024 vs FY2023

Covalon Vascular Access Commercial Success: US Hospitals

RETAIN

Have **retained 98%** of our Top 50 customers from FY'23

GROW EXISTING

55% YTD revenue growth from our Top 50 customers from FY'23

ADD NEW

Acquired **62 new customers** through the end of Q3

Key Covalon US Hospital Vascular Access Products







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Covalon's Value is Recognized by Leading Health Systems

Strong relationships with leading Children's Hospitals

Cincinnati Children's
Boston Children's Hospital
SickKids
Children's Hospital Colorado
Children's Hospital of Philadelphia
Children's National
JOHNS HOPKINS All Children's Hospital
Lucile Packard Children's Hospital Stanford
Texas Children's Hospital
Children's Healthcare of Atlanta
Seattle Children's HOSPITAL • RESEARCH • FOUNDATION
Children's HOSPITAL • ST. LOUIS BJC HealthCare
children'shealth Children's Medical Center Dallas
Children's MINNESOTA
Intermountain Children's Health
Ann & Robert H. Lurie Children's Hospital of Chicago
dayton children's
CHOC
Phoenix Children's

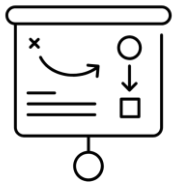
Solid progress made with leading providers in the United States and Internationally

Cedars Sinai
Memorial Sloan Kettering Cancer Center
UPMC LIFE CHANGING MEDICINE
KAISER PERMANENTE
Hackensack Meridian Health
NORTHSIDE HOSPITAL
Intermountain Healthcare
Advocate Good Samaritan Hospital
Banner Health
AdventHealth Shawnee Mission
HCA Healthcare
YaleNewHavenHealth
ORLANDO HEALTH
Dignity Health
HOSPITAL ISRAELITA ALBERT EINSTEIN
covalon TECHNOLOGIES LTD.
UCSF Health
MAYO CLINIC
UTHealth The University of Texas Health Science Center at Tyler
Beth Israel Lahey Health Beth Israel Deaconess Medical Center
مدينة الملك سعود الطبية KING SAUD MEDICAL CITY

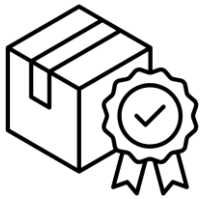
Key Turnaround Actions



Right-sized Commercial team



Implementing new process and rigor



Established strong quality and compliance culture



Bringing new Covalon culture to life



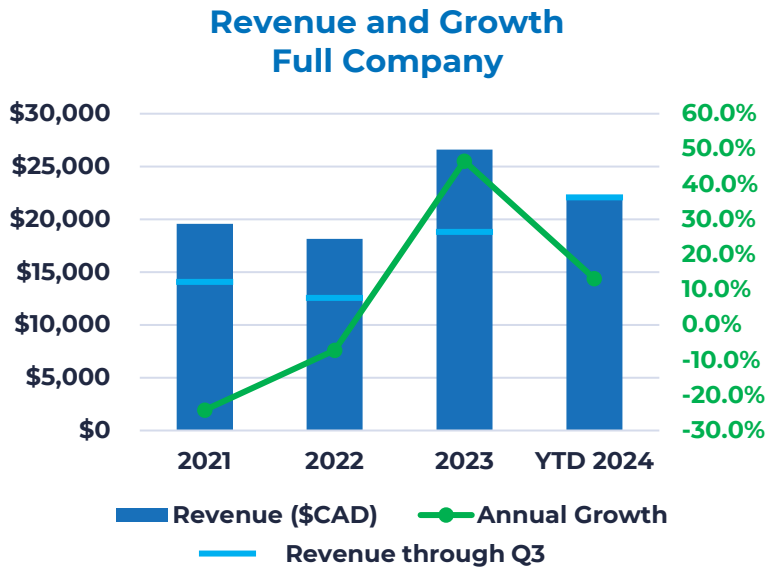
Repairing key relationships: customers, suppliers, investors

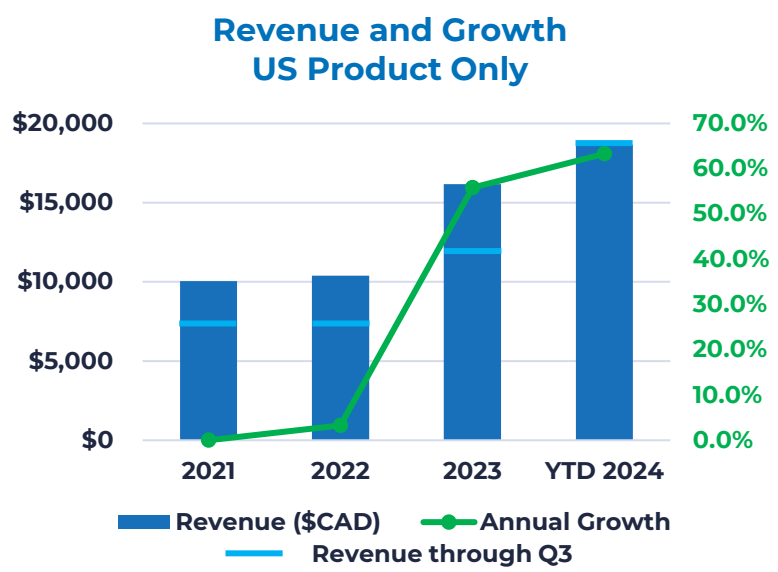


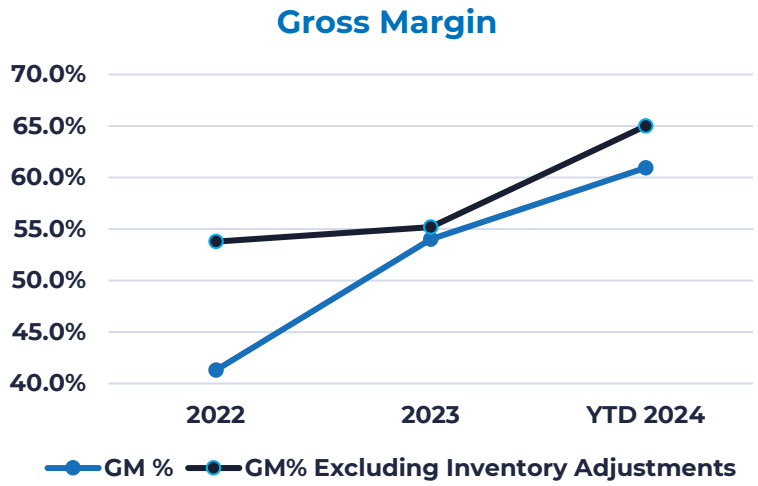
Reversed 9 x consecutive quarters of losses with back-to-back quarters of profitability.

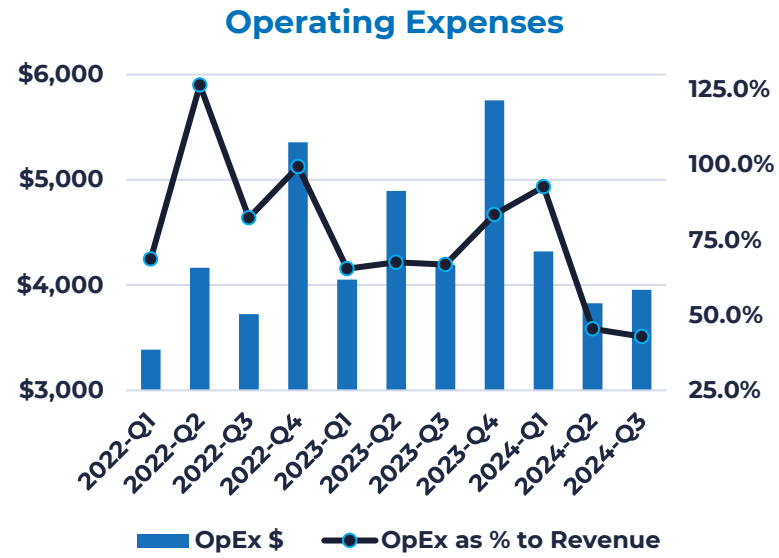
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Early Financial Outcomes From Turnaround







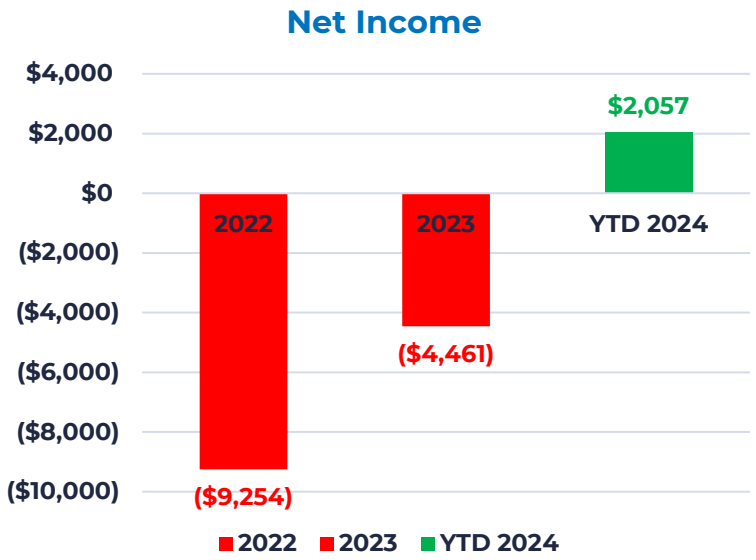


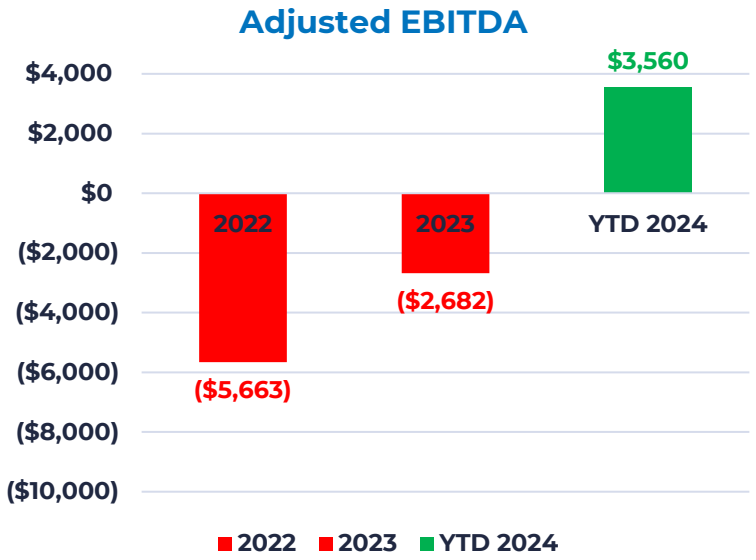
- Strong growth – led by focus on US Product segment
- Margin expansion due to insourcing benefits and favorable mix (product and geography)
- Operating expenses drop largely driven by rightsizing of commercial team

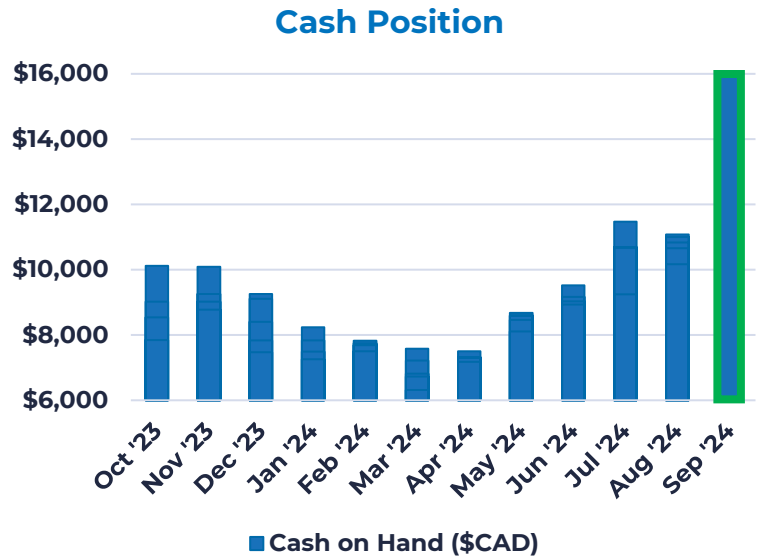
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All numbers are in CAD, YTD 2024 is through first nine months

Early Financial Outcomes From Turnaround







$5.5 million received in September, 2024 from warrant exercise

Significant income turnaround driven by growth, expanded margins and reduced operating expenses

Strong cash and no debt provides financial freedom towards growth, cost / capacity & innovation

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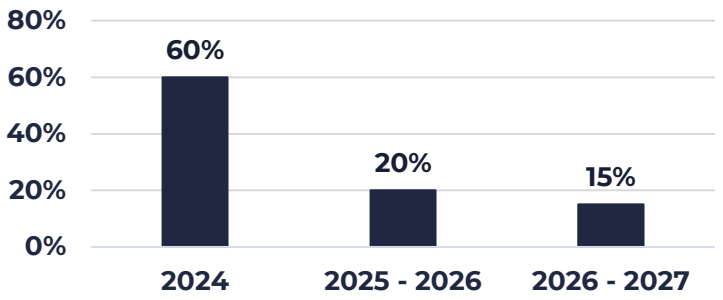
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Covalon Strategic Priorities

Horizon 1 Priorities

- Driving growth with existing portfolio – retain, grow existing and add new
- Establish new culture and build the Covalon foundation
- Demonstrate management capability and credibility to achieve sustainable success

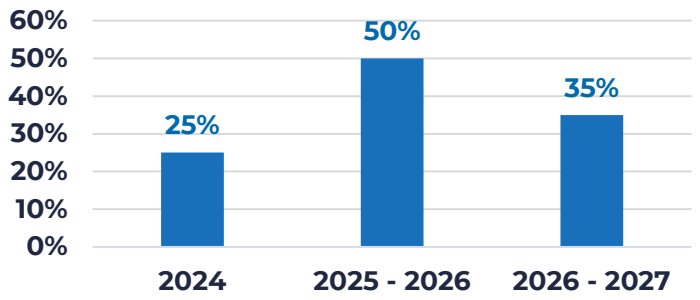
Estimated Organizational Focus



Horizon 2 Priorities

- Product and technology focus:
  - Product improvement and line extension execution
  - Look differently at existing technologies – repositioning and / or move into adjacent spaces
- Build stronger innovation engine capability and capacity
- Invest in and accelerate market development actions

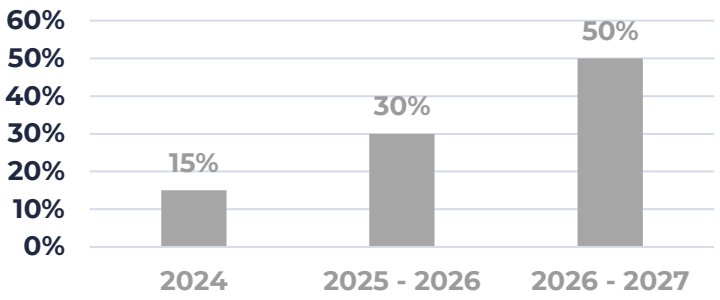
Estimated Organizational Focus



Horizon 3 Priorities

- Bold new product commercialization – new to Covalon and new to the world products
- M&A activity – acquisitions, partnerships
- International expansion

Estimated Organizational Focus



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Note – priorities listed above are a subset of the company's broader priorities

Corporate and Capital Structure

Capital Structure	
Shares Outstanding	27,398,077
Options and Warrants Outstanding	1,587,500
DSU's Outstanding	295,000
Share Price	$3.26
Market Capitalization	$89.3 million
Insider Ownership of Shares	52%
Total Cash	$16.0 million
Total Debt	None

All figures above are in $CAD and as of September 20, 2024

Share Price Performance (Last 12 Months)



Source: Google Finance, September 25, 2024

Summary

- Solving significant customer challenges with robust portfolio of differentiated offerings
- Solid early success from turnaround actions – building the foundation for the future
- Strong opportunities for future growth



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Q&A

