

April 2, 2020



# Kane Biotech Announces Fourth Quarter and Full Year 2019 Financial Results

WINNIPEG, Manitoba, April 02, 2020 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX-V:KNE) (the "Company" or "Kane Biotech"), a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms, today announced its fourth quarter and full year 2019 financial results. All amounts, unless specified otherwise, are expressed in Canadian dollars and are presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## Full Year 2019 and Recent Corporate Highlights

- On January 17, 2019, Kane Biotech renewed its exclusive worldwide license agreement with Rutgers University for all human, animal, and industrial applications of DispersinB<sup>®</sup>.
- On January 24, 2019, Kane Biotech closed and delivered a \$440,000 purchase order of bluestem<sup>™</sup> products to one of the largest pet retail operations in North America.
- On February 19, 2019, the Company signed a non-exclusive distribution agreement with a major Chinese distributor.
- On April 24, 2019, Kane Biotech announced new sales representation by SLA Brands, which now exclusively represents the Company's bluestem<sup>™</sup> line of products to distributors and retailers in the U.S.
- On June 25, 2019, Kane Biotech secured a large order from leading Quebec pet products retailer, Mondou.
- On July 18, 2019, Kane Biotech announced an exclusive distribution agreement with major Chinese distributor, Eetoys Pet Products ("Eetoys").
- On August 1, 2019, Kane Biotech announced \$50,000 in funding from the Government of Canada's CanExport SMEs program to accelerate growth in Brazil, China and the UK.
- On August 6, 2019, Kane Biotech announced \$3.8 million in non-dilutive government funding from Western Economic Diversification Canada in the form of interest-free repayable contributions.
- On August 12, 2019, Kane Biotech welcomed Lori Christofalos, Director of Quality and Compliance; Michel Stebenne, VP of Animal Health; and Shabnam Bashiri, Manager of Quality Control to its team.
- On October 8, 2019, the Company was awarded a non-repayable contribution of up to \$340,680 from the National Research Council of Canada Industrial Research Assistance program.
- On October 16, 2019, Kane Biotech announced an expansion of its exclusive license and distribution agreement with Dechra Veterinary Products ("Dechra") to include

South America, in addition to North America.

- On December 3, 2019, Kane Biotech announced that it had been selected to receive a potential award of up to approximately \$3.4 million from an unnamed government agency related to the continuing clinical development of the Company's DispersinB<sup>®</sup> to treat biofilm mediated antimicrobial resistance in non-healing chronic wounds.
- On December 16, 2019, Kane Biotech launched a consumer product test to evaluate the efficacy of its new shampoo, which contains the patented coactiv+<sup>™</sup> anti-biofilm formulation, on dermatitis and dandruff.
- On February 20, 2020, the Company appointed renowned Canadian veterinarian, Dr. Jean Gauvin, as Chief Veterinary Officer.
- On February 24, 2020, Kane Biotech closed a non-brokered private placement offering, issuing a total of 24,999,999 Units for aggregate gross proceeds of \$3.5 million.
- On February 25, 2020, Kane Biotech signed its first U.S. distribution agreement with King Wholesale Inc.
- On February 26, 2020, Kane Biotech launched its silkstem<sup>™</sup> anti-itch shampoo at the Global Pet Expo.

"2019 was a transformative year for Kane Biotech, marked by the relaunch of our Animal Health business and expansion into the Human Health business with our DispersinB<sup>®</sup> technology," said Marc Edwards, CEO of Kane Biotech. "We are pleased to report a nearly three-fold increase in revenues compared to 2018, which demonstrates that our strategy to increase marketing efforts, expand our bluestem<sup>™</sup> product line and broaden our distribution channels, is working. Looking ahead, we plan to build on this momentum by establishing relationships with additional retailers and distributors to grow bluestem<sup>™</sup> product sales in North America as well as internationally. We are also pleased to have been awarded, or selected to be awarded, more than \$7.5 million in non-dilutive funding to support the development of DispersinB<sup>®</sup> hydrogel, and are working closely with our consultants to pursue the optimal regulatory approval pathway for the product in the United States."

#### **Fourth Quarter 2019 Financial Highlights**

Total revenues for the quarter ended December 31, 2019 were \$564,137, with \$49,412 from license and royalty revenues and \$514,725 from product and services revenues. Total revenues increased 259% compared to \$157,158 for the quarter ended December 31, 2018. The increase in fourth quarter 2019 revenues is primarily due to the fulfillment of the Company's first major order of bluestem<sup>™</sup> products to Eetoys, increased bluestem<sup>™</sup> product sales to large pet specialty retail customers, increased royalty payments from Dechra as it continues to roll out its expanded Vetrudent product line, and an increase in Dechra's demand for contract manufacturing services.

Gross profit for the quarter ended December 31, 2019 was \$200,234, an increase of \$129,466 compared to \$70,768 for the quarter ended December 31, 2018. The increase in gross profit is primarily related to higher royalty and product and services revenues.

Total operating expenses for the quarter ended December 31, 2019 were \$1,421,945, an increase of 81% compared to \$783,550 for the quarter ended December 31, 2018. The increase is primarily attributable to an increase in staff and other compensation-related expenses, higher business development costs related to bluestem<sup>™</sup> marketing programs

and higher contract research costs related to its DispersinB<sup>®</sup> human wound care program.

Loss for the quarter ended December 31, 2019 was (\$1,156,695), an increase of 86% compared to (\$622,497) for the quarter ended December 31, 2018.

### **Full Year 2019 Financial Highlights**

Total revenues for the full year ended December 31, 2019 were \$1,693,524, with \$196,529 from license and royalty revenues and \$1,496,995 from product and services revenues. Total revenues increased 235% compared to \$506,273 for the full year ended December 31, 2018. The increase 2019 revenues is primarily due to the fulfillment of the Company's first major order of bluestem<sup>™</sup> products to Eetoys, increased bluestem<sup>™</sup> product sales to large pet specialty retail customers, increased royalty payments from Dechra as it continues to roll out its expanded Vetradent product line, and an increase in Dechra's demand for contract manufacturing services.

Gross profit for the full year ended December 31, 2019 was \$609,912, an increase of \$494,441 compared to \$115,471 for the full year ended December 31, 2018. The increase in gross profit is primarily related to higher royalty and product and services revenues.

Total operating expenses for the full year ended December 31, 2019 were \$4,200,108, an increase of 27% compared to \$3,294,303 for the full year ended December 31, 2018. The increase is primarily attributable to an increase in staff and other compensation-related expenses, higher business development costs related to bluestem<sup>™</sup> marketing programs and higher contract research costs related to its DispersinB<sup>®</sup> human wound care program.

Loss for the full year ended December 31, 2019 was (\$960,178), a decrease of 71% compared to (\$3,260,999) for the full year ended December 31, 2018.

Detailed financial information about Kane Biotech can be found in its December 31, 2019 Financial Statements and Management Discussion and Analysis on SEDAR and on the Company's website.

### **Conference Call Details**

Kane Biotech is pleased to invite all interested parties to participate in a conference call today, April 2, 2020, at 4:30pm E.T. during which time the results will be discussed.

Live Call: 1-877-268-9044 (toll-free, Canada and the United States)  
Conference ID: 8118809

A live and archived audio webcast of the conference call will also be available on the investor relations page of Kane Biotech's corporate website at [www.kanebiotech.com](http://www.kanebiotech.com).

### **About Kane Biotech Inc.**

Kane Biotech is a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms. The Corporation has a portfolio of biotechnologies, intellectual property (57 patents and patents pending, trade secrets and trademarks) and products developed by the

Corporation's own biofilm research expertise and acquired from leading research institutions. StrixNB™, DispersinB®, Aledex®, bluestem™, silkstem™, coactiv+™ and Kan<sup>e</sup>® are trademarks of Kane Biotech Inc. The Corporation is listed on the TSX Venture Exchange under the symbol "KNE".

**For more information, please visit [www.kanebiotech.com](http://www.kanebiotech.com), or contact:**

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### **Caution Regarding Forward-Looking Information**

This press release contains certain statements regarding Kane Biotech Inc. that constitute forward-looking information under applicable securities law. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. These risks and uncertainties include, but are not limited to, risks relating to the Company's: (a) financial condition, including lack of significant revenues to date and reliance on equity and other financing; (b) business, including its early stage of development, government regulation, market acceptance for its products, rapid technological change and dependence on key personnel; (c) intellectual property including the ability of the Company to protect its intellectual property and dependence on its strategic partners; and (d) capital structure, including its lack of dividends on its common shares, volatility of the market price of its common shares and public company costs. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by the Company with applicable securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com). The Company cautions that the foregoing list of factors that may affect future results is not exhaustive.

### **COVID-19 Pandemic**

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. The

effects of this pandemic on the Company may include decreased customer demand, interruptions to supply chains, manufacturing activities and research and development programs and increased government regulations or interventions. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments nor the impact of these developments on the financial results and condition of the Company in future periods.

**KANE BIOTECH INC.**  
**Selected Financial Results**

Statement of Comprehensive Loss	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Total Revenue	\$ 564,137	\$ 157,158	\$ 1,693,524	\$ 506,273
Gross Profit	200,234	70,768	609,912	115,471
Operating expenses				
General and administration	715,026	403,945	2,658,727	2,371,777
Research	706,919	379,605	1,541,381	922,526
Total operating expenses	1,421,945	783,550	4,200,108	3,294,303
Loss and comprehensive loss for the period	\$ (1,156,695 )	\$ (622,497 )	\$ (960,178 )	\$ (3,260,999 )
Basic and diluted loss per share for the period	\$ (0.01 )	\$ (0.01 )	\$ (0.01 )	\$ (0.04 )
Weighted average shares outstanding				
- basic and diluted	86,145,449	80,113,536	82,303,996	80,113,536

Statement of Financial Position	December 31, 2019	December 31, 2018
Cash and cash equivalents	\$ 834,128	\$ 75,425
Other current assets	1,075,297	481,142
Non-current assets	846,267	999,369
Total Assets	\$ 2,755,692	\$ 1,555,936
Current liabilities	\$ 1,341,653	\$ 2,060,091
Non-current liabilities	577,232	480,685
Shareholder' equity (deficit)	836,807	(984,840 )
Total liabilities and shareholder's equity	\$ 2,755,692	\$ 1,555,936

Source: Kane Biotech Inc.