

August 27, 2020



## Kane Biotech Announces Second Quarter 2020 Financial Results

WINNIPEG, Manitoba, Aug. 27, 2020 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX-V:KNE; OTCQB:KNBIF) (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 second quarter 2020 financial results.

### Recent Corporate Highlights:

- Q2 2020 revenues were 21% higher than Q2 2019 and June 2020 revenues were 52% higher than June 2019, despite the impact of the COVID-19 pandemic.
- Operating expenses were 31% lower in Q2 2020 compared to Q2 2019.
- Kane Biotech received the U.S. Department of Defense's ("DoD") Medical Technology Enterprise Consortium Research Project Award ("MTEC Award"), which will provide approximately \$2.7 million USD in non-dilutive funding for the continued clinical development of the Company's DispersinB® to treat biofilm-mediated antimicrobial resistance in non-healing chronic wounds.
- On May 12, 2020, Kane Biotech announced positive results from a consumer product test evaluating the efficacy of its shampoo on dermatitis and dandruff. The shampoo consists of coactiv+™ and contains ingredients approved as safe for human use.
- On May 19, 2020, the Company announced that, effective May 19, 2020, shares of the Company have been reapproved for and will recommence trading under the ticker symbol "KNBIF" on the OTCQB Venture Market, operated by OTC Markets Group.
- On June 24, 2020, the Company announced that it had been approved for up to \$54,750 in funding from the Government of Canada's CanExport SMEs program. Kane will use this funding to support the marketing costs associated with the U.S. launch of its Human Health anti-biofilm shampoo as well as to support international growth of its Animal Health business.
- On August 12, 2020, Kane Biotech announced that Gregory Schultz, Ph.D., Director of the Institute for Wound Research and Professor of Obstetrics and Gynecology at the University of Florida, was appointed as a Scientific Advisor.

"During the second quarter, we announced the receipt of a \$2.7M USD grant from the U.S. DoD's MTEC Award, which is significant both because of its value and especially because of

the validation it provides for the Company's wound care technology," said Marc Edwards, President and Chief Executive Officer of Kane Biotech. "Underscoring the importance of eliminating biofilms to address non-healing, chronic wounds, this award will fund further clinical development. In our Animal Health business, we leveraged the expertise of our Chief Veterinary Officer, Jean Gauvin, and our Chief Scientific Officer, Gordon Guay, and quickly shifted our marketing strategy to online platforms. The impact of COVID-19 drove higher online sales, which continue their positive trend. We also launched our silkstem™ anti-itch shampoo for dogs and cats by distributing more than 1,500 free samples to consumers, which received very positive reviews."

## **Second Quarter 2020 Financial Highlights**

Total revenues for the second quarter ended June 30, 2020 were \$267,493, an increase of 21% compared to \$221,290 for the second quarter ended June 30, 2019, with \$35,805 attributable to license and royalty revenues and \$231,688 attributable to product and services. The increase in second quarter 2020 revenues is primarily due to a 79% increase in product sales, as a result of higher online sales and a larger customer base, partially offset by a \$9,072 or 32% decrease in royalty payments from Dechra's veterinary products due to lower customer demand in the veterinary channel caused by the COVID-19 pandemic.

Gross profit for the second quarter of 2020 was \$115,570, an increase of 40% compared to \$82,508 for the quarter ended June 30, 2019. The increase in gross profit is primarily related to higher product and services revenues.

Total operating expenses for the quarter ended June 30, 2020 were \$711,448, a decrease of 31% compared to \$1,035,983 for the same period in 2019. The decrease in operating expenses in the current quarter is largely attributable to government assistance recorded in the current period related to the DoD MTEC Award as well as spending reductions and government assistance received related to the COVID-19 pandemic.

Loss from operations and finance costs for the second quarter of 2020 was (\$505,397), a decrease of 51% compared to \$(993,138) for the quarter ended June 30, 2019.

Detailed financial information about Kane Biotech can be found in its June 30, 2020 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, August 27, 2020, at 4:30pm E.T. during which time the results will be discussed.

Live  
Call: 1-877-268-9044 (Canada and the United States)  
1-706-679-2995 (International)

Replay: 1-404-537-3406

Conference ID: 5877158

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 Company has a portfolio of biotechnologies, intellectual property (52 patents and patents pending, trade secrets and trademarks) and products developed by the Company's own biofilm research expertise and acquired from leading research institutions. StrixNB™, DispersinB®, Aledex®, bluestem™, silkstem™, coactiv+™ and Kane® are trademarks of Kane Biotech Inc. The Company is listed on the TSX Venture Exchange under the symbol "KNE" and on the OTCQB Venture Market under the symbol "KNBIF".

**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 COVID-19 outbreak of the novel strain of coronavirus, SARS-CoV-2, 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 Income (Loss)                            | Three Months Ended June 30, |                      |
|---|-----------------------------|----------------------|
|   | 2020                        | 2019                 |
| <b>Total Revenue</b>  | \$ 267,493                  | \$ 221,290           |
| <b>Gross Profit</b>   | 115,570                     | 82,508               |
| <b>Operating expenses</b>   |                             |                      |
| General and administration  | 630,815                     | 675,778              |
| Research  | 80,633                      | 360,205              |
| <b>Total operating expenses</b>                                     | <b>711,448</b>              | <b>1,035,983</b>     |
| <b>Loss from operations and finance costs</b>                       | <b>\$ (505,397 )</b>        | <b>\$ (993,138 )</b> |
| <b>Income (loss) and comprehensive income (loss) for the period</b> | <b>\$ (505,397 )</b>        | <b>\$ 1,675,462</b>  |
| <b>Basic and diluted income (loss) per share for the period</b>     | <b>\$ -</b>                 | <b>\$ 0.02</b>       |

|  |                          |                      |
|--|--------------------------|----------------------|
| <b>Weighted average shares outstanding - basic</b>   | <b>108,613,535</b>       | 80,113,536           |
| <b>Weighted average shares outstanding - diluted</b> | <b>108,613,535</b>       | 80,738,382           |
| <b>Statement of Financial Position</b>               | <b>June 30,<br/>2020</b> | December 31,<br>2019 |
| <b>Cash and cash equivalents</b>                     | <b>\$ 238,985</b>        | \$ 834,128           |
| <b>Other current assets</b>                          | <b>1,469,974</b>         | 1,075,297            |
| <b>Non-current assets</b>                            | <b>956,787</b>           | 846,267              |
| <b>Total Assets</b>                                  | <b>\$ 2,665,746</b>      | \$ 2,755,692         |
| <b>Current liabilities</b>                           | <b>\$ 1,643,158</b>      | \$ 1,341,653         |
| <b>Non-current liabilities</b>                       | <b>871,710</b>           | 577,232              |
| <b>Shareholder' equity (deficit)</b>                 | <b>150,878</b>           | 836,807              |
| <b>Total liabilities and shareholder's equity</b>    | <b>\$ 2,665,746</b>      | \$ 2,755,692         |



Source: Kane Biotech Inc.