

August 25, 2022



Kane Biotech Announces Second Quarter 2022 Financial Results

Significant Milestones Achieved

WINNIPEG, Manitoba, Aug. 25, 2022 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX-V:KNE; OTCQB:KNBIF) (the "Company" or "Kane Biotech") today announced its second quarter 2022 financial results.

Second Quarter Financial Highlights:

- Total revenue for the three months ended June 30, 2022 was \$839,579, an increase of 201% compared to \$278,741 in the three months ended June 30, 2021.
- License revenue in the three months ended June 30, 2022 was \$500,225, an increase of 1,295% compared to \$35,872 in the three months ended June 30, 2021. This substantial increase is due to the Company's subsidiary, STEM Animal Health, achieving a key milestone in April, 2022, namely the Veterinary Oral Health Council ("VOHC") Seal of Acceptance in the Helps Control Tartar category, which triggered approximately \$1.3 million in milestone payments from STEM's licensing partners pursuant to its license and distribution agreements.
- In the three months ended June 30, 2022, royalty revenue increased by 77% to \$51,770 compared to \$29,258 in the three months ended June 30, 2021. This increase is due primarily to VOHC acceptance achieved in the current period immediately triggering minimum royalties as per the Company's license agreements as well as the underlying product sales in the veterinary channel being less impacted by the COVID-19 pandemic in the current period than the comparative period.
- Revenue from product and services sales for the three months ended June 30, 2022 was \$287,584, an increase of 35% from \$213,611 in the three months ended June 30, 2021. The increase is due mainly to the reclassification of certain sales discounts to cost of sales and sales expenses and higher DermaKB™ sales in the current period.
- Gross profit for the second quarter of 2022 was \$639,215, an increase of 665% compared to \$83,584 for the quarter ended June 30, 2021.
- Total operating expenses for the three months ended June 30, 2022 were \$1,361,306, an increase of 25% compared to \$1,090,396 for the three months ended June 30, 2021. This increase is due mainly to lower government assistance and higher non-funded research expenditures related to the Company's coactiv+™ Antimicrobial

Hydrogel and DispersinB Hydrogel[®] programs in the current period.

- Loss for the second quarter of 2021 was (\$794,595), a decrease of 26% compared to (\$988,889) for the quarter ended June 30, 2021.
- Cash at June 30, 2022 was \$2.5 million. During the quarter, the Company received \$500,000 USD from one its licensing partners related to the achievement of the VOHC milestone, closed its non-brokered private placement offering raising gross proceeds of \$1 million and further amended its credit agreement with its lender resulting in approximately \$1.8 million in new capital being provided.

Detailed financial information about Kane Biotech can be found in its June 30, 2022 Financial Statements and Management Discussion and Analysis on SEDAR and the Company's website.

"STEM Animal Health's VOHC acceptance not only provided long-awaited milestone payments and minimum royalties, but also further validated the efficacy of Kane's anti-biofilm technology," stated Marc Edwards, Kane Biotech's Chief Executive Officer. "Further, Dr. Greg Schultz's appointment as Kane's Chief Scientific Officer will provide tremendous support to the development of our wound care business, not only from a scientific perspective by aiding the development and commercialization of our DispersinB[®] and coactiv+[™] technologies, but also from a business perspective as the Company advances towards securing a wound care strategic partner. We expect clinical trials on our DispersinB[®] Hydrogel to begin later this year and our coactiv+[™] 510(k) application has a clear pathway for regulatory approval".

Recent Corporate Developments:

- On June 15, 2022, the Company announced that it has further amended its credit agreement with Pivot Financial Inc. maturing on August 31, 2022. The amendment dated June 13, 2022 extends the maturity to January 31, 2023 and increases the credit facility to \$4 million with approximately \$1.8 million of new capital provided in Q2 2022. The increased credit facility will continue to be used by Kane Biotech for funding research and development relating to eligible government reimbursable expenditures and general working capital purposes.
- On May 18, 2022, the Company announced that it had obtained ISO 13485:2016 certification for its quality management system specific to its ongoing efforts to design and develop novel medical devices for the wound care market.
- On May 17, 2022, the Company announced the closing of its non-brokered private placement offering of up to 10,000,000 common shares at a price of \$0.10 per share for gross proceeds of up to \$1,000,000. The offering was fully subscribed with Marc Edwards, CEO of Kane Biotech acquiring 3.1M shares, more than doubling his previous position.
- On April 7, 2022, the Company announced that STEM was awarded the prestigious VOHC Seal of Acceptance in the Helps Control Tarter category for its pet oral care water additive.

Conference Call

Kane Biotech is pleased to invite all interested parties to participate in a conference call on Thursday, August 25, 2022 at 4:30pm ET to review the financial results and discuss business developments in the period.

Participants must register for the call using this link: [Pre-registration to Q2](#) to receive the dial-in numbers and unique PIN to access the call seamlessly. It is recommended that you join 10 minutes before the event, though you may pre-register at any time. A webcast of the call will be available on the Company's website at kanebiotech.com under "News/Events" in the Investors section of the Kane Biotech website at ir.kanebiotech.com.

About Kane Biotech

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 (74 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™, bluestem®, silkstem™, goldstem™, coactiv+™, coactiv+®, DermaKB™ and DermaKB Biofilm™ 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:

Marc Edwards
Chief Executive Officer
Kane Biotech Inc
medwards@kanebiotech.com
+1 (514) 910-6991

Ray Dupuis
Chief Financial Officer
Kane Biotech Inc
rdupuis@kanebiotech.com
+1 (204) 298-2200

Nicole Sendey
Investor Relations/PR
Kane Biotech Inc
nsendey@kanebiotech.com
+1 (250) 327-8675

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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. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive.

KANE BIOTECH INC.
Selected Financial Results

Statement of Comprehensive Loss	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Total Revenue	\$ 839,579	\$ 278,741	\$ 1,405,013	\$ 654,780
Gross Profit	639,215	83,584	822,837	249,460
Operating expenses				
General and administration	951,877	889,092	2,020,125	1,718,358
Research	409,429	201,304	761,278	521,649
Total operating expenses	1,361,306	1,090,396	2,781,403	2,240,007
Loss from operations	\$ (722,091)	\$ (1,006,812)	\$ (1,958,566)	\$ (1,990,547)
Loss and comprehensive loss for the period	\$ (794,595)	\$ (998,889)	\$ (1,946,759)	\$ (2,009,781)
Loss and comprehensive loss for the period attributable to shareholders	\$ (89,991)	\$ (904,487)	\$ (2,008,583)	\$ (1,812,953)
Basic and diluted loss per share for the period	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average shares outstanding - basic and diluted	116,744,488	112,101,447	115,786,187	110,362,986
Statement of Financial Position	June 30,	December 31		
	2022	2021		
Cash and cash equivalents	\$ 2,533,178	\$ 1,153,090		
Other current assets	1,709,075	1,727,320		
Non-current assets	3,170,607	3,253,883		
Total Assets	\$ 7,412,860	\$ 6,134,293		
Current liabilities	\$ 6,297,482	\$ 4,721,009		
Non-current liabilities	3,452,457	2,980,298		
Shareholders' equity (deficit)	(2,337,079)	(1,567,014)		
Total liabilities and shareholders' equity	\$ 7,412,860	\$ 6,134,293		



Source: Kane Biotech Inc.