Management Discussion and Analysis
(Expressed in Canadian Dollars)

KANE BIOTECH INC.

Three months ended March 31, 2023 and 2022

KANE BIOTECH INC.

Management Discussion and Analysis

The following management discussion and analysis ("MD&A") covers information up to May 24, 2023 and should be read in conjunction with the financial statements for the three months ended March 31, 2023 and 2022. Except as otherwise noted, the financial information contained in this MD&A and in the financial statements has been prepared in accordance with IFRS. All amounts are expressed in Canadian Dollars unless otherwise noted. Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.kanebiotech.com.

This MD&A has been prepared to help investors understand the financial performance of the Company in the broader context of the Company's strategic direction, the risks and opportunities as understood by management, and the key success factors that are relevant to the Company's performance. Management has prepared this document in conjunction with its broader responsibilities for the accuracy and reliability of the financial statements, as well as the development and maintenance of appropriate information systems and internal controls to ensure that the financial information is complete and reliable. The Audit Committee and the Board of Directors have reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability, and consistency.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis contains certain forward-looking information and statements within the meaning of securities law which may not be based on historical fact, including without limitation statements containing the words "believes,", "should", "may," "plan," "will," "estimate," "predict," "continue," "anticipates," "potential", "intends," "expects," or other similar expressions. Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events, or developments to be materially different from any future results, events or developments expressed or implied by such forward looking statements. Such factors include, among others, the Company's stage of development, lack of product revenues, additional capital requirements, risks associated with the completion of clinical trials and obtaining regulatory approval to market the Company's products, the ability to protect its intellectual property and dependence upon collaborative partners. These factors should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made as of the date hereof, and the Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events, or developments.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates and foreign exchange rates;
- the timing of the receipt of regulatory and governmental approvals for the Company's research and development projects;
- the availability of financing for the Company's research and development projects, or the availability of financing on reasonable terms;
- the Company's costs of trials;
- the Company's ability to attract and retain skilled staff;
- market competition;
- tax benefits and tax rates;
- the Company's ongoing relations with its employees and with its business partners.

Management cautions you, the reader, that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.

BUSINESS OVERVIEW

Kane Biotech Inc. ("Kane Biotech", "Kane" or the "Company") is a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms. Biofilms are thin, slimy films that develop when bacteria and other microorganisms form a protective matrix that acts as a shield against attack. Biofilms attach to and grow on living and inert surfaces. When protected by a biofilm, bacteria become highly resistant to antibiotics, antimicrobials, biocides and host immune responses. This resiliency contributes to numerous Human and Animal Health-related problems.

According to the United States National Institute of Health, biofilms are estimated to be responsible for 80% of all animal and human bacterial infections including tooth decay, wound infections, chronic inflammatory skin disorders and wounds, recurrent urinary tract infections, medical device-associated and hospital acquired infections (HAIs), and foodborne bacterial outbreaks. Biofilms cost society billions of dollars each year. As such, there is significant interest, and therefore significant opportunity, in safe and effective products that can combat the biofilm problem. Kane Biotech's mission is to capitalize on this large, addressable market by licensing its proprietary anti-biofilm technologies to global industry players.

Kane Biotech has a portfolio of biotechnologies, intellectual property (patents, patents pending and trademarks) and products developed by the Company's own biofilm research expertise and acquired from leading research institutions. StrixNB™, DispersinB®, Aledex™, bluestem™, bluestem®, coactiv+™, coactiv+®, goldstem™, silkstem™, 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".

Key Highlights of Kane Biotech include the following:

- A specialized focus on the development and continual improvement of anti-biofilm technologies, targeting large markets for biofilm prevention and dispersion solutions
- Robust patent portfolio of differentiated anti-biofilm technologies with 80 patents issued or pending
- Renewed DispersinB® licensing agreement with Rutgers University in 2023
- First commercial licensing and distribution agreement signed in 2017, establishing a 10-year partnership with Dechra Veterinary Products (the "Dechra Agreement") wherein Kane Biotech receives an ongoing royalty from Dechra on net sales of the Company's Vetradent™ products in North America
    - Extension of the Dechra Agreement in 2019 to include South America
- Agreement with UK-based veterinary products company, Animalcare Group PLC ("Animalcare") under which the parties formed STEM Animal Health Inc. ("STEM"), a company dedicated to treating biofilm-related ailments in animals
    - Animalcare is investing $5 million consisting of $3 million to acquire a one-third equity stake in STEM and $2 million for the rights to commercialize products in global veterinary markets outside of the Americas
- STEM achieved a key milestone by obtaining the internationally recognized Veterinarian Oral Health Council ("VOHC") efficacy certification which activated approximately $1.3 million in milestone payments and minimum royalties pursuant to its Licensing and Royalty agreements
- License and distribution agreement with Skout's Honor Pet Supply Company ("Skout's Honor") signed in 2023, for a ten-year, non-exclusive use of the Company's coactiv+ technology in North American pet specialty markets
- Continued product development of DispersinB® Hydrogel and coactiv+™ Antimicrobial Wound Gel technology platforms for the Human Health market
- Received 510(k) clearance of its coactiv+™ Antimicrobial Wound Gel from the U.S. Food and Drug Administration ("FDA") for the management of ulcers (including diabetic foot and leg ulcers and pressure ulcers), 1st and 2nd degree burns, partial & full thickness wounds, large surface area wounds and surgical incisions for adult populations.
- Retained GR Consulting to develop and implement the regulatory and out-licensing strategy for DispersinB® Hydrogel and coactiv+™ Antimicrobial Wound Gel
- Awarded $3.8 million ($2.5 million utilized) in non-dilutive funding for its DispersinB® Hydrogel product development and commercialization project from Prairies Economic Development Canada ("PrairiesCan") in the form of interest-free repayable contributions to be repaid over five years, starting in April 2023
- Received the U.S. Department of Defense's ("DoD") Medical Technology Enterprise Consortium Research Project Award ("MTEC Award") for continued clinical development of the Company's DispersinB® Hydrogel to treat biofilm-mediated antimicrobial resistance in non-healing chronic wounds in the amount of $2.7 million USD

  - Subsequently received an additional $425,000 USD of funding for its DispersinB Hydrogel® related to its MTEC Award

- Obtained the 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

- First distribution agreement for its coactiv+™ Antimicrobial Wound Gel wound care product with Salud Pharma S.A. ("Salud Pharma") for launch of the product in the countries of Colombia, Panama, and Costa Rica

- Agreement with ProgenaCare Global LLC ("ProgenaCare") for the exclusive distribution rights of the Company's coactiv+™ Antimicrobial Wound Gel in the United States wound care market

- First distribution agreement for its DermaKB™ line of scalp care products with Salud Pharma (in addition to the Company's coactiv+ Antimicrobial Wound Gel) for the exclusive right to sell in the territories of Colombia, Panama and Costa Rica

- Completed private placements of $3.5 million in 2020 and $1.0 million in 2022

- Entered into a credit agreement and subsequent amending agreements with Pivot Financial I Limited Partnership ("Pivot") for non-revolving term loan financing totalling $5,000,000.

BUSINESS UPDATE AND STRATEGY

Kane Biotech is focused on licensing and co-commercializing its biofilm-related intellectual property with strategic partners that have established large-scale market access. Kane's two primary markets for its technologies are Animal Health and Human Health. In 2020, the Company announced the creation of STEM which is a joint venture with Animalcare. STEM aims to: (1) generate revenue and profit through the licensing of biofilm technologies in the Animal Health category, and (2) expand distribution and growth of its premium companion animal products in the pet specialty and e-commerce channels. In Human Health, Kane intends to: (1) finalize product development of its DispersinB® Hydrogel for the human wound care market, (2) pursue the optimal regulatory and commercialization path for this technology including joint ventures, and (3) continue development of a product line for the human wound market based on our proprietary coactiv+™ Antimicrobial Wound Gel platform. As previously announced, the funding from PrairiesCan and the DoD has been critical to progressing the company's Human Health initiatives for which we are looking forward to moving into the commercialization phase.

STEM is in the process of aligning resources and investment to its top performing channels, customers and products to accelerate growth and profit. In 2023, STEM will focus its efforts as follows:

1. Veterinary Licencing and Royalty: STEM is accelerating royalty revenue by i) supporting Dechra in North and South America via the sales of Dechra's premium veterinary oral care product range and ii) supporting Animalcare's veterinary oral care product range in Europe. In 2022, STEM achieved a key milestone by obtaining the internationally recognized VOHC efficacy certification which activated approximately $1.3 million in milestone payments and minimum royalties pursuant to the license and distribution agreements. Royalty revenue continues to grow as Dechra and Animalcare expand distribution and sales in the veterinary channel.

2. coactiv+™ Licencing and Royalty: In April, 2023, STEM signed a license and distribution agreement with Skout's Honor for the use of the Company's coactiv+ technology in North American pet specialty markets. In 2023, STEM will be working closely with Skout's Honor to assist with the technology transfer and launch of their pet oral care product line across their well-established network of retailers throughout North America.

3. bluestem™ Product Sales and Profitability: STEM will focus on i) optimizing its distribution of the bluestem™ product line within the pet specialty, ii) driving profitability through product cost and manufacturing optimizations, and iii) introducing innovation to expand its oral care portfolio. Distribution of the bluestem™ product line, which includes water additives, toothpaste, chews, spray, and dental wipes, has expanded significantly in Canada and is currently in limited distribution in the United States. In 2023, STEM will continue to focus its efforts on expanding distribution in the U.S. market. STEM will also focus on improving profitability by optimizing product cost and improving manufacturing efficiencies to enable further investment in brand building initiatives. bluestem™ will also introduce new products such as No Brushing Oral Gels and Dual-Action Dental Chews to provide more oral care solutions to more pet parents.
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In addition to leveraging its established products and sales strategies, STEM will continue to actively explore growth opportunities through new formats and new applications for its intellectual property in other key growth areas within the Animal Health category.

In the Wound Care & Surgical division, Kane Biotech is focused on the continued product development of DispersinB® for hydrogel applications in chronic wound care. The Company believes that its DispersinB® hydrogel applications will enhance current wound care treatments by improving the efficacy of antimicrobial and antibiotic wound treatments.

In 2020, Kane Biotech's proposal entitled "DispersinB® the missing link in wound care – Clinical evaluation of DispersinB® to treat biofilm mediated antimicrobial resistance in non-healing chronic wound infections," received the U.S. Department of Defense's ("DoD") Medical Technology Enterprise Consortium Research Project Award ("MTEC Award"). The MTEC Award provides approximately $2.7 million USD in non-dilutive funding for the continued clinical development of the Company's DispersinB® Hydrogel to treat biofilm-mediated antimicrobial resistance in non-healing chronic wounds. In 2022, the Company received an additional $425,000 USD of funding for its DispersinB Hydrogel® related to this MTEC Award. This is a significant award for Kane Biotech, because of both its value and validation of the Company's wound care technology. Kane Biotech believes this award underscores the importance of eliminating biofilms to address non-healing, chronic wounds.

The Company is collaborating with external consultants to pursue the optimal regulatory path for this technology that will mitigate the risk for future partners and increase the value of a licensing agreement. Although the Company had previously planned to seek regulatory approval for its DispersinB® Hydrogel as a medical device under the 510(k) pathway, the Company is currently reviewing other strategies including a PMA approach based on market analysis provided by its consultants as well as preliminary feedback received from the FDA. The Company is now evaluating a number of pathways in order to determine an appropriate regulatory route that will ultimately be more beneficial by allowing for expanded claims and indications and a more appropriate price point. Kane is also conducting this review to better leverage the remaining DoD non-dilutive funding that is available for this program.

In 2022, the Company was awarded 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. ISO certification demonstrates Kane's compliance, and customers can be assured that the medical devices it is designing and developing are fit for their intended purpose. The process of achieving ISO certification included establishing a quality management system and independent audit to verify conformance through review of the records to the standards. It represents another big step for Kane on the path towards commercialization of its wound care portfolio. ISO 13485:2016 is recognized worldwide as a major standard in quality assurance systems for medical device manufacturers and will help Kane Biotech as they look to expand their footprint globally

In late 2022, Kane Biotech submitted a 510(k) premarket notification to the Center for Devices and Radiological Health (CDRH) of the U.S.FDA"), for a new Wound Care coactiv+™ Antimicrobial Wound Gel. On May 24, 2023, the Company received 510(k) clearance of its coactiv+™ Antimicrobial Wound Gel from the FDA for the management of ulcers (including diabetic foot and leg ulcers and pressure ulcers), 1st and 2nd degree burns, partial & full thickness wounds, large surface area wounds and surgical incisions for adult populations. The Company's device, which uses its patented coactiv+™ technology in a thermo-reversible gelling system, provides ease of use and is optimized for sensitive wounds. The Company aims to make the wound gel accessible to patients, taking into consideration current reimbursement levels under the surgical dressing policy in the U.S.

So far in 2023, the Company has signed its first distribution agreement for its coactiv+™ Antimicrobial Wound Gel wound care product with Salud Pharma for the launch of the product in the countries of Colombia, Panama, and Costa Rica and has signed an agreement with ProgenaCare for the exclusive distribution rights of the Company's coactiv+™ Antimicrobial Wound Gel in the United States wound care market. These are defining milestones for the Company as it prepares to bring this highly effective and differentiated product to market.

Other products in investigational or development stages include the following:

- coactiv+TM Antimicrobial Surgical Hydrogel for use in surgical/acute wounds
- coactiv+™ Antimicrobial Wound Rinse for use in acute and chronic wounds
- coactiv+™ Antimicrobial Wound Spray for use in acute, chronic wounds and first and second degree burns
- DispersinB® Hydrogel for Prosthetic Joint Infection

Within the Human Health Dermatology Division, Kane has secured a distribution agreement with Salud Pharma for the exclusive right to sell its DermaKB™ line of products in Colombia, Panama and Costa Rica. The Company continues to focus on opening new channels of distribution and securing licensing opportunities in 2023.

Other products in the Dermatology pipeline include a hair conditioner to work in conjunction with the DermaKB™ products and a wound gel for minor cuts, scrapes and burns.

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Building upon Kane Biotech's success in Animal and Human Health sectors, management will focus some resources towards developing solutions for the Industrial and Agricultural sectors. The Company believes that its patented technologies can be applied with minimal outlay to provide several solutions in these new markets. These new markets will allow Kane Biotech to reach new customers and address multiple unmet needs.

Targeted Kane Biotech milestones and objectives for the remainder of 2023 include the following:

- Continue to expand distribution of bluestem™ in the U.S.
- Support Dechra and Animalcare to increase royalty revenues
- Support Skout's Honor in the technology transfer and launch of its product line in the North American pet retail channel
- Continue to identify and secure commercialization partners for the Wound Care & Surgical division
- Support foreign commercialization partners in obtaining regulatory approval of coactiv+™ Antimicrobial Wound Gel in their respective jurisdictions
- Support ProgenaCare in commercializing Kane's coactiv+™ Antimicrobial Wound Gel in the United States wound care market
- Support the Company's commercial manufacturer of its coactiv+™ Antimicrobial Wound Gel during the technology transfer and scale-up manufacturing processes
- Commence its DispersinB® Hydrogel wound care clinical trial which is funded by the US Department of Defence
- Identify a commercialization partner for the DermaKB™ brand within the Kane Dermatology division
- Secure a distribution partner for its DermaKB™ line of products in the salon and medical aesthetics markets
- Identify commercialization/licensing partner(s) for products under development in the Kane Dermatology pipeline, which include a wound gel for minor cuts, scrapes and burns, and a hair conditioner to be used in conjunction with the DermaKB™ line of products
- Commence its acne proof of concept trial at the University of Miami
- Continue to protect Kane Biotech's intellectual property and expand patent coverage
- Execute with cost-control and continue to optimize operating expenses

The Kane Biotech team is looking forward to fully executing the many exciting initiatives that are underway. The Company will continue to focus on product development, international market expansion and cost-effective execution. The entire team is dedicated to achieving the above-mentioned milestones and to building a foundation for long-term, sustainable growth.

KANE BIOTECH TECHNOLOGIES

coactiv+™

coactiv+™ is a patented biofilm destabilizing formula with continuous activity.

The global companion pet oral care market was estimated to be $2.2 billion USD by 2022 with a 10% CAGR to 2027. This growth is largely driven by increasing pet ownership and premiumization as pet owners continue to be more aware of and willing to spend more on their pets' health. Rising disposable income and westernization in developing nations is further driving the global pet oral care market. According to the American Veterinary Medical Association (AVMA), oral health is one of the top three concerns for companion animal owners. Bacteria in the mouth cavity form plaque and, as the plaque grows, this causes tartar build-up, gum infection (gingivitis) and periodontitis. By the time they are three years old, it is estimated that approximately 80% of dogs and 70% of cats develop some sort of periodontal disease.

In 2015, following Health Canada approval, Kane Biotech introduced companion pet oral care products containing its coactiv+™ technology in Canada under the StrixNB™ and bluestem™ brands. The Company then pursued a strategy to license out its intellectual property on a broader scale which led to the Company's StrixNB™ technology and trademarks being part of the Dechra Agreement. Dechra introduced its Vetradent™ oral care brand into the U.S. and Canadian veterinary channel in 2017. Water additive powder and dental wipe products were added to the Vetradent™ product family in 2018. A dental rawhide chew was introduced in 2019 as well as an expansion of the Vetradent™ toothpaste line throughout the U.S. market. Also in 2019, the Dechra Agreement was extended to South America and sales of Vetradent™ products in South America commenced in 2022. In Q2 2022, Animalcare introduced its Plaqtiv+® oral care brand or products incorporating the Company's coactiv+™ technology,

into the European veterinary channel. Additional formulations are in development to expand the complete pet oral health products for veterinary clinics and for dog and cat parents.

In the pet specialty channel, Kane's coactiv+™ technology continues to be commercialized by STEM under the bluestem™ brand. bluestem™ products are sold in pet specialty retail stores in Canada and the US as well as on Amazon.com (U.S.), Chewy.com and Amazon.ca (Canada). STEM is focused on optimizing the distribution and availability of the bluestem product line™. STEM continues to evaluate opportunities for global expansion of its bluestem™ product portfolio. In Q2 2023 the Company signed a licensing agreement with Skout's Honor for its patented coactiv+™ technology in pet oral care applications within North America.

In the Wound Care & Surgical division, Kane is in the developmental stage for a product with two applications:

- coactiv+™ Antimicrobial Wound Gel: A non-sterile product for chronic wounds that will be designed to maximize reimbursement and be competitive in physician office, hospital, HOPD (hospital outpatient department) and home care settings. The product can be applied by the patient or caregiver and sourced through a medical product supplier. On May 24, 2023, the Company received 510(k) clearance of its coactiv+™ Antimicrobial Wound Gel from the FDA for the management of ulcers (including diabetic foot and leg ulcers and pressure ulcers), 1st and 2nd degree burns, partial & full thickness wounds, large surface area wounds and surgical incisions for adult populations.

- coactiv+™ Antimicrobial Surgical Hydrogel: A sterile product for surgical/acute wounds and provided in a single use container for application in the hospital setting. The product can be applied to all types of surgical wounds and can be used prophylactically on post-surgical incisions as well. Although the initial target for this application are hospitals, ASC (ambulatory surgery centers), physician offices and HOPD settings are also potential markets.

The key ingredients of coactiv+™ Antimicrobial Wound Gel are Generally Recognized As Safe (GRAS) by the FDA and have been purposefully selected to provide support throughout the entire wound healing cascade.

The major advantages of these coactiv+™ Antimicrobial Wound Gel products are as follows:

- Continuous bactericidal, biofilm destabilizing, and inhibition activity
- Buffering agent to lower and maintain favorable pH conducive for wound healing
- Helps reduce metalloprotease and elastase activity in chronic wounds
- Biocompatible and non-toxic
- Prophylactic treatment for acute wounds at risk for infection, such as surgical incisions, pin and catheter sites and burns
- Patent protected

Early in 2023, the Company signed its first distribution agreement for its coactiv+™ Antimicrobial Wound Gel wound care product with Salud Pharma for the launch of the product in the countries of Colombia, Panama, and Costa Rica and very recently it has signed an agreement with ProgenaCare for the exclusive distribution rights of the Company's coactiv+™ Antimicrobial Wound Gel in the United States wound care market.

In the Human Health Dermatology Division, Kane has secured its first exclusive distribution agreement (in combination with its coactiv+™ Antimicrobial Wound Gel) with Salud Pharma to sell DermaKB™ products in the territories of Columbia, Panama and Costa Rica. As Kane continues to maintain online sales of its DermaKB™ line of scalp care products, the Company will focus on growing sales in 2023 as it seeks commercialization/licensing opportunities for the product line in both the salon and medical aesthetics markets. Kane will also look to extend the DermaKB™ lineup with a hair conditioner to be used in conjunction with the existing products. With a growing interest from potential licensing partners, Kane Dermatology is looking to expand its development of coactiv+™ technology-based products in 2023 and is close to reaching that inflection point.

DispersinB®

Kane Biotech's trademark for the wound care market is DispersinB® for both animal and human wound care applications. The Company has started to pursue its strategy to license out its wound care intellectual property on a broader scale.

For animal health applications, the development of products using DispersinB® technology is planned for use in canine otic (ear) infections. Additional DispersinB® products are in planning and development.

With respect to human applications, in 2023, the Company renewed its exclusive worldwide license agreement with the University of Medicine and Dentistry of New Jersey, now part of Rutgers University, for all human, animal, and industrial applications of the

DispersinB® enzyme. In 2023, efforts will continue to be focused on the development of a human wound care hydrogel containing DispersinB®. Later this year, Kane will commence its DispersinB® wound care clinical trial which is funded by the US Department of Defence. The Company is also focused on securing commercialization partners and pursuing the optimal regulatory/reimbursement path that will ultimately lead to the commercialization of this technology.

INTELLECTUAL PROPERTY

The Company's current intellectual property is summarized below:

Patent #	Title	Jurisdiction
7144992	Synergistic Antimicrobial Compositions and Methods for Reducing Biofilm Formation	United States
CA2511103	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	Canada
7294497	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	United States
8580551	Dispersin B Polypeptides and uses thereof	United States
7989604	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	United States
540731	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	New Zealand
555378	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	New Zealand
2003284385	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	Australia
7833523	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	United States
5073169	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	Japan
8821862	Soluble β-N-Acetylgucosaminidase Based Antibiofilm Compositions and Uses Thereof	United States
8617542	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	United States
2720301	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	Canada
EP2283130	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	Europe
EP2283130	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	United Kingdom
EP2283130	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	Germany
EP2283130	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	France
9622481	Biofilm-Removing Antimicrobial Compositions and uses thereof	United States
2012332014	Compositions and Methods for Treatment and Prevention of Oral Diseases	Australia
2853857	Compositions and Methods for Treatment and Prevention of Oral Diseases	Canada
CN104010653	Compositions and Methods for Treatment and Prevention of Oral Diseases	China
404149	Compositions and Methods for Treatment and Prevention of Oral Diseases	India
2773369	Compositions and Methods for Treatment and Prevention of Oral Diseases	Europe
2773369	Compositions and Methods for Treatment and Prevention of Oral Diseases	Ireland
2773369	Compositions and Methods for Treatment and Prevention of Oral Diseases	United Kingdom
2773369	Compositions and Methods for Treatment and Prevention of Oral Diseases	Germany
2773369	Compositions and Methods for Treatment and Prevention of Oral Diseases	France
6038167	Compositions and Methods for Treatment and Prevention of Oral Diseases	Japan
624850	Compositions and Methods for Treatment and Prevention of Oral Diseases	New Zealand
11090366	Compositions and Methods for Treatment and Prevention of Oral Diseases	United States
HK120416	Compositions and Methods for Treatment and Prevention of Oral Diseases	Hong Kong
2903266	Compositions and Methods for Treatment and Prevention of Wound Infections	Canada
9980497	Compositions and Methods for Treatment and Prevention of Wound Infections	United States
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Europe
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Austria
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Belgium
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Denmark
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Finland
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	France
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Germany
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Italy

2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Netherlands
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Norway
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Poland
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Romania
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Spain
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Sweden
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Switzerland
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	United Kingdom
6401720	Compositions and Methods for Treatment and Prevention of Wound Infections	Japan
10357470	Compositions and Methods for Treatment and Prevention of Wound Infections	United States
11103433	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	United States
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Europe
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Austria
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Belgium
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Denmark
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Finland
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	France
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Germany
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Italy
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Netherlands
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Norway
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Poland
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Romania
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Spain
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Sweden
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Switzerland
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	United Kingdom

The Company has 68 issued patents and 12 pending patents. Successful development of products to prevent and remove microbial biofilms may be dependent upon the ability to obtain approval for patents that are currently in pending status as well as successfully file new patents; however, there is no guarantee that new patents will be obtained, and, if obtained, it may not be possible to successfully defend against any subsequent infringements to these patents. Currently, the Company is unaware that it has infringed upon any existing patents issued to third parties. The Company's success may, in part, depend on operating without such infringement.

Trademarks	**Jurisdiction**
DispersinB®	Canada
	United States
	Europe
	United Kingdom
bluestem™	United States
bluestem®	Europe
	Canada
coactiv+®	Canada
	Europe
coactiv+™	United States
goldstem™	Canada
	United States
silkstem™	Canada
	United States
DermaKB™	Canada
	United States
DermaKB Biofilm™	Canada
	United States
Aledex™	United States
StrixNB™	United States

SUMMARY OF KANE BIOTECH PRESS RELEASES SINCE JANUARY 1, 2023

On May 25, 2023, the Company announced that on May 24, 2023 it received 510(k) clearance of its coactiv+™ Antimicrobial Wound Gel from the U.S. Food and Drug Administration (FDA) for the management of ulcers (including diabetic foot and leg ulcers and pressure ulcers), 1st and 2nd degree burns, partial & full thickness wounds, large surface area wounds and surgical incisions for adult populations.

On April 20, 2023, Kane Biotech announced that it had signed a distribution agreement with ProgenaCare for its coactiv+™ Antimicrobial Wound Gel in the United States wound care market. ProgenaCare will have exclusive distribution rights in the United States wound care market for Kane's coactiv+™ Antimicrobial Wound Gel and Kane will receive a $500,000 USD upfront payment from ProgenaCare once it obtains 510(k) clearance from the FDA.

On April 18, 2023, the Company announced that it had signed a licensing agreement with Skout's Honor for its patented coactiv+™ technology in pet oral care applications. Skout's Honor has been granted a ten-year license for the non-exclusive use of Kane's coactiv+™ technology under their own brand in North America while STEM will continue to commercialize its bluestem™ line of pet oral care products. STEM will receive a $500,000 USD licensing fee from Skout's Honor to be paid over the course of the agreement as well as an ongoing royalty on all Skout's Honor's sales of products that use the coactiv+™ technology. The Company also announced that Kevin Cole, STEM's President and CEO, will be departing the company.

On March 03, 2023, Kane Biotech announced that, as previously announced by the Company in its March 1, 2023 press release, pursuant to the formal amending agreement (the "Amending Agreement") with Pivot Financial I Limited Partnership ("Pivot") dated March 2, 2023 amending the terms of the Company's amended and restated credit agreement between Pivot and the Company dated August 31, 2021, as amended (the "Credit Facility"), the interest rate of the Credit Facility increased from 14% to 15% per annum.

On March 2, 2023, Kane Biotech announced that it had entered into a formal amending agreement (the "Amending Agreement") with Pivot Financial I Limited Partnership ("Pivot"), to amend the terms of the Company's amended and restated credit agreement between Pivot and the Company dated August 31, 2021, as amended (the "Credit Facility"). The Amending Agreement amends the Credit Facility by: i) increasing the size of the non-revolving term loan under the Credit Facility by $1 million from $4 million to $5 million; ii) extending the maturity date of the Credit Facility from February 28, 2023 to August 31, 2023; iii) providing for a guarantee (the "Guarantee") of $1 million of the Company's obligations under the Credit Facility by a third party guarantor (the "Guarantor"); and iv) requiring that $1 million advanced under the Credit Facility be promptly repaid by the Company upon the closing of either an equity investment in the Company of $1,000,000 or greater or an unsecured subordinated loan of $1,000,000 or greater by a company controlled by the Guarantor. As consideration for providing the Guarantee, the Guarantor will be issued 2,500,000 warrants to purchase common shares of the Company ("Shares") at a price of $0.10 per Share for a period of one year from the date of the issuance (the "Compensation Warrants"). The issuance of the Compensation Warrants is subject to the approval of the TSX Venture Exchange.

On March 01, 2023, Kane Biotech announced that Pivot Financial I Limited Partnership ("Pivot") had agreed, in principle, to amend the terms of the Company's amended and restated credit agreement between Pivot and the Company dated August 31, 2021, as amended (the "Credit Facility"), by, among other things, increasing the size of the Credit Facility from $4 million to $5 million and extending the maturity date of the Credit Facility from February 28, 2023 to August 31, 2023 (the "Proposed Amended Credit Facility"). The Proposed Amended Credit Facility shall have an interest rate of 15% per annum. The proposed $2 million loan transaction with two lenders previously announced on December 29, 2022 will not proceed. The Company also announced that it had accepted the resignations of Mark Nawacki, Sarah Prichard and Allan Mandelzys as members of the board of directors of the Company effective immediately.

On February 6, 2023, the Company announced that it had entered into an amending agreement with Pivot Financial I Limited Partnership ("Pivot") to the amended and restated credit agreement between the Company and Pivot dated August 31, 2021, extending the maturity date of its credit facility from January 31, 2023 to February 28, 2023 and that Kane and Pivot were working towards finalizing a longer term extension to the credit facility.

On January 4, 2023, Kane Biotech announced that it has recently signed a distribution agreement with Salud Pharma S.A. ("Salud Pharma") for its coactiv+™ Antimicrobial Wound Gel wound care and DermaKB™ scalp care products. Once Kane obtains 510(k) approval from the FDA, Salud Pharma through its distribution partners will register and commercialize Kane's

coactiv+™ Antimicrobial wound gel throughout Colombia, Panama, and Costa Rica via wound care centers and pharmacies and will also import and distribute Kane's DermaKB™ line of scalp detoxifier and shampoos.

OUTLOOK

The strategic direction of the Company remains centered on developing and commercializing solutions to biofilm-related problems in the Animal and Human Health markets. To advance these programs and fulfill its strategic objectives, management expects the Company to continue incurring operating losses for the foreseeable future. Given the nature of its business and the developmental phase that Kane Biotech is currently in, research expenditures are expected to be higher in 2023 than in 2022. Overall, general and administrative expenses in 2023 should be similar to what was incurred in 2022 in support of the Company's ongoing product development and commercialization strategy. Revenues are expected to increase in 2023 as the company pursues revenue growth opportunities in both animal and human health. The Company is committed to increased commercialization and revenue growth in all three of its divisions and operating within strict cost controls while continuing to develop its new technologies and products.

The Company's funding of future operations is primarily dependent upon its ability to: a) sign partnership, licence and distribution agreements with upfront and subsequent milestone and/or equity payments, b) generate product, services and royalty revenue, and c) obtain government research and development funding. While the Company is continually striving to derive cashflow from all three of these sources, there is no assurance that such sources will be sufficient to sustain its operations. If that is the case, the Company will consider financing alternatives, including those used in the past such as private placements and debt financing, to raise the necessary capital it requires to fund ongoing operations.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing its financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

The Company may decide to accelerate, terminate, or reduce its focus in certain research areas, or commence research in new areas as a result of the Company's research progress and the availability of financial resources. These decisions are made with the goals of tightly managing the Company's cash resources and optimizing the Company's opportunities. Management is not presently aware of any factors that would change its strategy over the next year. See also "Note 2(c) Going concern" to the accompanying financial statements.

SELECTED QUARTERLY FINANCIAL INFORMATION

The selected financial information provided below is derived from Kane Biotech's unaudited quarterly financial statements for each of the last eight quarters:

	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021
	$	$	$	$	$	$	$	$
License	69,411	69,411	69,411	500,225	35,872	35,872	35,872	35,872
Royalty	68,769	81,762	76,604	51,770	47,477	44,279	35,146	29,258
Sales of goods and services	539,437	540,481	425,671	287,584	482,084	331,542	470,284	213,611
Total Revenue	677,617	691,654	571,686	839,579	565,433	411,693	541,302	278,741
Cost of Sales	332,570	371,001	301,946	200,364	381,812	224,377	409,637	195,157
Gross Profit	345,047	320,653	269,740	639,215	183,621	187,315	131,665	83,584
Operating Expenses	1,360,793	874,298	1,121,337	1,361,306	1,420,097	1,490,686	1,721,305	1,090,396
Net loss	(1,244,684)	(838,150)	(1,039,091)	(794,595)	(1,152,164)	(1,257,172)	(1,582,959)	(998,889)
Net loss attributable to shareholders	(1,201,102)	(869,890)	(1,011,420)	(899,991)	(1,108,591)	(1,268,817)	(1,522,796)	(904,487)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Loss per share attributable to shareholders	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

It is important to note that historical patterns of expenditures cannot be taken as an indication of future expenditures. The amount and timing of expenditures, and therefore liquidity and capital resources, may vary substantially from period to period depending on the business and research activities being undertaken at any one time and the availability of funding from investors and prospective commercial partners.

The Company's ongoing operating expenses relate primarily to the execution of research programs, the commercialization of its intellectual property and general and administrative expenses. The operations of the Company are not subject to any material seasonality or cyclical factors.

License revenue relates to the recognition of revenue associated with the initial payment of $500,000 USD the Company received upon signing its exclusive license and distribution agreement with Dechra in March 2017 and the initial payment of $500,000 CAD the Company received upon signing its exclusive license and distribution agreement with Animalcare in September, 2020. These initial license payments have been recorded in the financial statements as deferred license revenue and are being recognized as license revenue on a straight-line basis over the 10-year life of these agreements. In addition, in April 2021, the Company received a $125,000 USD milestone payment from Dechra related to the successful production of a pilot batch of product manufactured in South America. This milestone payment has been recorded in the financial statements as deferred license revenue and is being recognized as license revenue on a straight-line basis over the duration of the license agreement.

In April 2022, STEM achieved the key milestone of obtaining the VOHC efficacy certification which triggered approximately $1.3 million in milestone payments from its licensing partners pursuant to its license and distribution agreements. Revenue associated with the milestone payments is being recognized in the same manner as the initial license payments which includes revenue recognition in Q2 2022 that is based on how long the license and distribution agreements had been in effect when VOHC certification was received in relation to the entire terms of those agreements.

Quarterly royalty revenues were impacted in earlier quarters by the pandemic due to lower product demand in the veterinary channel but have since recovered and are now well above pre-pandemic levels. Sales of Dechra's existing product line launched in South America earlier in 2022. Animalcare launched their own product line in Q2 2022 immediately upon STEM achieving the VOHC certification. This certification triggered minimum royalties that increase annually as per both the Dechra and Animalcare license agreements and the higher product demand in the veterinary channel as a result of VOHC certification will contribute to anticipated increased royalties revenue in future quarters.

Sales of goods and services were impacted in earlier quarters by a number of COVID-19 related factors including limited consumer access to pet retail and veterinary facilities, the permanent store closures of one of the Company's major US pet retail customers and raw material and packaging supply chain irregularities which resulted in finished good product shortages.

The overarching strategy within STEM is to grow revenues by expanding distribution of bluestem products within the pet specialty trade, support Skout's Honor with the technology transfer and launch of their pet oral care product line throughout North America and support Dechra's and Animalcare's premium veterinary oral care product range. In human health, the 2020 launch of the Company's first line of hair care products within its Dermatology Division will continue to contribute to product sales recognized in future quarters.

Overall, aside from provisions recorded for inventory obsolescence, gross profit as a percentage of revenues has increased in recent quarters primarily due to increased license and royalty income. The Company continues to actively pursue cost reduction opportunities throughout its supply chain while at the same time coping with the effect of inflationary cost increases.

Operating expenses can vary significantly from quarter to quarter primarily due to fluctuations in research expenditures related to the Company's work on its DispersinB® Hydrogel and coactiv+ Antimicrobial Wound Gel projects, sales and marketing spending incurred within its STEM and Dermatology Divisions and legal expenses associated with private placements, debt financing and commercialization activities. Q3 2021 includes significant non-cash expenditures related to the Company's Restricted Share Unit ("RSU") long-term compensation plan which was implemented in the quarter.

RESULTS OF OPERATIONS

Revenue

Revenue consists of License and Royalty revenue from its licensing agreements with Dechra and Animalcare, product sales from the Company's bluestem™ and DermaKB™ brands and contract manufacturing and quality control services revenue related to the Company's relationship with Dechra.

The Company's revenue by category for the three months ended March 31, 2023 and 2022 is summarized in the table below:

Three months ended March 31,	2023	2022	Change	% Change
License	$ 69,411	$ 35,872	$ 33,539	93.5%
Royalty	68,769	47,477	21,292	44.8%
Products	448,390	431,675	16,715	3.9%
Services	91,047	50,409	40,638	80.6%
Total Revenue	$ 677,617	$ 565,433	$ 112,184	19.8%

License revenue consists of: (1) the recognition over 10 years of the upfront payment of $500,000 USD received from Dechra upon signing the License Agreement in March 2017, (2) the recognition over 10 years of the $500,000 CND initial payment received on November 5, 2021 related to the Licence Agreement with Animalcare, (3) the recognition over the remaining Dechra licensing agreement term of the $125,000 USD milestone payment received from Dechra in April 2021 related to the successful production of a pilot batch of a product by a manufacturer in South America and (4) the recognition over 10 years of approximately $1.3 million in milestone payments from STEM's licensing partners related to VOHC certification achieved in April, 2022.

In the three months ended March 31, 2023, license revenue recognized from these sources increased by 93% to $69,411 compared to $35,872 in the three months ended March 31, 2022 due mainly to revenue recognition in the current quarter associated with VOHC milestone payments.

Royalty revenue consists of royalties received from Dechra on their sales of Vetradent™ products in the North American veterinary market and from Animalcare on their sales of Plactiv+ ® products in the European veterinary market. In the three months ended March 31, 2023, royalty revenue increased by 45% to $68,769 compared to $47,477 in the three months ended March 31, 2022. Obtaining VOHC certification in Q2 2022 immediately triggered minimum royalties as per the Dechra and Animalcare license agreements and has resulted in an increase in related sales in the veterinary channel.

Product sales in the three months ended March 31, 2023 were $448,390, an increase of 4% compared to $431,675 in the three months ended March 31, 2022. The increase is due mainly to higher STEM online sales partially offset by lower STEM pet retail sales in the current period.

Services revenue consists of contract manufacturing and quality control services related to the Company's relationship with Dechra. In the three months ended March 31, 2023, services revenue was $91,047, an increase of 81% compared to $50,409 for the three months ended March 31, 2022. This increase is due mainly to higher demand from Dechra for contract manufacturing services during the current period.

General and Administration Expenses

General and administration expenses include those costs not directly related to research and development. These include expenses associated with management and administrative staff compensation, commercialization activities and professional fees such as consulting, legal, audit, and investor relations.

The changes in general and administration expenditures by category for the three months ended March 31, 2023 and 2022 are reflected in the following table:

Three months ended March 31,	2,023	2022	Change	% Change
Compensation related costs and consulting fees	$ 613,140	$ 760,240	$ (147,100)	-19.3%
Business development costs	221,017	192,065	28,952	15.1%
Legal costs	115,528	14,047	101,481	722.4%
Other administration costs	103,152	101,896	1,256	1.2%
General and adminstration expenses	$ 1,052,837	$ 1,068,248	$ (15,411)	-1.4%

Lower compensation related costs and consulting fees in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 are primarily due to lower long-term incentive expense in the current period.

Higher business development costs in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 are primarily due to higher bluestem™ sales promotion expenses in the current period.

Higher legal costs in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 are primarily due to legal fees associated with the Company's amended and restated credit agreement with Pivot which was completed in the current period.

Other administration costs, which consist primarily of audit, insurance, information technology and facility-related costs, were slightly higher in the three months ended March 31, 2023 compared to the three months ended March 31, 2022.

Research and Development Expenses

Research and development expenses are associated with the Company's research and development programs. The Company is in the development and commercialization stage and devotes a significant portion of its financial resources to research and market-ready product development activities.

The changes in research and development expenses by category for the three months ended March 31, 2023 and 2022 are reflected in the following table:

Three months ended March 31,	2,023	2022	Change	% Change
Compensation related costs and consulting fees	$ 157,689	$ 201,624	$ (43,935)	-21.8%
Contract research and scientific consulting	66,202	319,363	(253,161)	-79.3%
Patent related costs and other intangibles expensed	37,649	36,428	1,221	3.4%
Other research costs	80,003	83,834	(3,831)	-4.6%
Government assistance	(33,587)	(289,400)	255,813	88.4%
Research expenses	$ 307,956	$ 351,849	$ (43,893)	-12.5%

Lower compensation related costs in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 are due primarily to lower salaries, short-term incentive and long-term incentive expenses in the current period.

Lower contract research and scientific consulting costs in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 are due primarily to lower contract research expenditures related to the Company's DispersinB® Hydrogel program in the current period.

Higher patent related costs and other intangibles expensed in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 is due mainly to high patent amortization expense partially offset by lower patent legal expenses in the current period.

Lower other research costs in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 is primarily due to lower scientific consumables, travel and freight expenses in the current period.

Lower government assistance in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 is primarily due to lower government assistance recorded for the DoD MTEC Award in the current period.

Other expenses (income)

The change in other expenses (income) for the three months ended March 31, 2023 and 2022 are reflected in the following table:

Three months ended March 31,		2,023		2022		Change
Finance income	$	(15,684)	$	(25,517)	$	9,833
Finance expense		240,258		140,977		99,281
Fair value adjustment - government loans		(3,770)		(202,075)		198,305
Foreign exchange loss, net		8,134		2,303		5,831
Net other expeneses (income)	$	228,938	$	(84,312)	$	313,250

Lower finance income in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 is due primarily to lower accretion income recorded in the current period on the capital contributions receivable from Animalcare.

Higher finance expense in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 is due primarily to higher interest expense recorded on the Pivot loan and higher accretion expense recognized on the PrairiesCan loan in the current period.

Lower fair value adjustment – government loan income in the three months ended March 31, 2023 compared to the three months ended March 31, 2022 is due mainly to PrairiesCan funding received in the comparative period but no PrairiesCan funding received in the current period.

Loss and Comprehensive Loss

The loss and comprehensive loss for the three months ended March 31, 2023 and 2022 are reflected in the following tables:

Three months ended March 31,		2,023		2022		Change
Loss and comprehensive loss	$	(1,244,684)	$	(1,152,164)	$	(92,520)
Loss and comprehensive loss attributable to shareholders	$	(1,201,102)	$	(1,108,591)	$	(92,511)
Basic and diluted loss per share	$	(0.01)	$	(0.01)	$	0.00

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has primarily financed its operations from revenues, public and private sales of equity, the exercise of warrants, loans and convertible notes, government grants and tax credits. As of March 31, 2023, the Company had cash of $990,078 compared to $1,104,901 as of December 31, 2022.

Cash used in operating activities

Cash used in operating activities for the three months ended March 31, 2023 was $959,364 compared to $824,286 for the three months ended March 31, 2022. The increase in cash used in operating activities is due mainly to a lower net decrease in non-cash working capital in the current period than the comparative period.

Cash provided by financing activities

Cash provided by financing activities for the three months ended March 31, 2023 was $857,037 compared to cash provided by financing activities of $603,044 for the three months ended March 31, 2022. The increase in cash provided by financing activities is due mainly to proceeds of $1,000,000 related to the amended and restated credit agreement with Pivot which was completed in the current period partially offset by deposits related to the Company's 2022 private placement and proceeds from the PrairiesCan loan received in the comparative period.

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Cash used in investing activities

Cash used in investing activities during the three months ended March 31, 2023 was $12,496 compared to $15,912 in the three months ended March 31, 2022. The decrease in cash used in investing activities is due mainly to lower intangible asset expenditures in the current period.

The Company continues to seek additional licensing and distribution partners for its various products and technologies currently in development. This in combination with ongoing royalties and potential milestone payments associated with its existing licensing agreements with Dechra and Animalcare will provide increasing liquidity in the future. The Company also intends to seek maximization of its use of government grant programs in order to offset some of its research costs.

However, it is possible that these sources of cash inflows will not be sufficient to entirely fund the Company's planned research activities and administration costs in 2023. If that is the case, the Company will consider financing alternatives including those used in the past such as private placements and debt financing to raise the necessary capital it requires to fund ongoing operations.

The Company manages its operational spending and determines its future financing requirements through a process of budgeting and ongoing cash flow forecasting.

Shares, options, and warrants

	May 24, 2023	March 31, 2023	December 31, 2022
Common shares issued and outstanding	124,846,869	124,846,869	124,830,202
Restricted Share Units	10,706,154	10,706,154	10,722,821

A summary of the Company's share capital may be found in Note 15 of the accompanying financial statements.

CONTRACTUAL OBLIGATIONS

The Company periodically enters into credit and funding agreements, long term contractual agreements for the licensing of technologies, facility and equipment lease agreements and consulting service agreements. The following table presents commitments arising from outstanding agreements in force over the next seven years:

	Payments due by Period				
	Within 1 year	2-3 years	4-5 years	6-7 years	Total
Canadian Dollars :					
Leases	$ 166,669	$ 333,337	$ 333,337	$ 508,546	$ 1,341,889
Accounts payable and accrued liabilities	1,953,329	-	-	-	1,953,329
Due to related party	8,066	-	-	-	8,066
Loan payable	5,061,644	-	-	-	5,061,644
Government loans	418,000	1,008,000	1,008,000	97,267	2,531,267
Note payable	30,000	30,000	-	-	60,000
Consulting Services	7,500	-	-	-	7,500
Qaulity management platform fee	12,440	37,320	-	-	49,760
	$ 7,657,648	$ 1,408,657	$ 1,341,337	$ 605,813	$ 11,013,455
US Dollars :					
Licence maintenance fees (USD)	10,000	20,000	20,000	20,000	70,000

GUARANTEES

The Company periodically enters into research and licence agreements with third parties that include indemnification provisions

customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the accompanying financial statements with respect to these indemnification obligations.

OFF-STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

The Company does not have any off-Statement of Financial Position arrangements.

CONTROLS

As a result of the Company's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not appropriate or possible. Due to resource constraints and the present stage of the Company's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this potential weakness at this time. To help mitigate the impact of this potential weakness, the Company is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a TSX-Venture Exchange issuer, the Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICF), and as such has not completed such an evaluation.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the Company to select from possible alternative accounting principles and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the statement of financial position date and reported costs and expenditures during the reporting period. Management believes that the estimates and assumptions upon which the Company relies are reasonable based upon information available at the time these estimates and assumptions are made. Estimates and assumptions may be revised as new information is acquired and are subject to change.

In addition to the going concern assumption described above, management believes that its most critical accounting policies and estimates relate to the following areas, with reference to notes contained in the accompanying financial statements:

Revenue recognition

The Company's accounting policy over revenue recognition may be found in Note 3(a) in the Company's financial statements.

The Company has consistently applied accounting policies in accordance with IFRS 15 *Revenue from Contracts with Customers ("IFRS 15")* to all periods presented in these financial statements. These policies are as follows:

The Company has entered into exclusive license and distribution agreements for specific territories for which there may be non-refundable upfront payments, milestone payments based on achievement of certain milestones and royalties on related sales. Under the terms of these agreements in addition to the exclusive license rights, the Company may provide support, transfer of knowhow, marketing materials and efforts to increase the value of the license through introduction of new products or industry certifications. As these additional activities are not distinct and separable from the exclusive license rights, the primary performance obligation under the agreements has been determined to be a right to access the exclusive license. As a result, where non-refundable upfront payments are received or receivable, they are recognized over time on a straight-line basis over the contractual life of the agreement. Where milestone payments represent variable consideration, they are recognized as an adjustment to the transaction price of the contract when it is highly probable that a significant reversal of cumulative revenue recognized will not occur.

Royalties not subject to guaranteed minimum royalties are recognized as the related sales occur. Where guaranteed minimum annual royalties apply, the Company recognizes the minimum guaranteed royalty revenue over time and recognizes excess

sales royalties as the related sales occur.

Sales based milestone payments are recognized as revenue only when the applicable sales target has been met.

Revenue from the sales of goods and services, net of discounts, is recognized when control of those goods has been transferred to the customer or the performance obligation on services is met.

Research and development costs

The Company's accounting policy over research and development costs may be found in Note 3(f)(i) in the Company's financial statements. Research expenditures are expensed as incurred. Development expenditures are deferred when they meet the criteria for capitalization in accordance with IFRS and the future benefits could be regarded as being reasonably certain. No development expenditures have been capitalized to date and there are no plans to capitalize development expenditures in the foreseeable future. Related Scientific Research & Experimental Development (SR&ED) investment tax credits are accounted for as a reduction to research and development expenditures in the period that they are earned and only to the extent they are refundable. Non-refundable SR&ED investment tax credits are not recorded in the financial statements as there is not assurance at this time there will be sufficient taxable income in the future to utilize those tax credits.

Patents and trademarks

The Company's accounting policy over patents and trademarks may be found in Notes 3(f)(ii) in the Company's financial statements. Patents and trademarks are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated. An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from observable market prices, less incremental costs. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market size and market growth trends, strength of customer demand and degree of variability in cash flows, as well as other factors, are considered when making assumptions regarding future cash flows and the appropriate discount rate. A change in any of the significant assumptions of estimates used to evaluate the underlying assets could result in a material change to the results of operations.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment had been recognized. Write-downs as a result of impairment are recognized in research expense in the statement of loss and comprehensive loss.

Stock-based compensation

The Company's accounting policy over stock-based compensation may be found in Notes 3(h)(ii),15(c) and 15(d) in the Company's financial statements.

Where the Company issues restricted share units to its employees, directors, officers or consultants, the fair value of these units is derived from the Company's closing share price on the TSX Venture Exchange on the date of issuance.

Where the Company issues stock options to its employees, directors, officers or consultants, the fair value of the options is derived using the Black-Scholes pricing model. The application of this pricing model requires Management to make assumptions regarding several variables, including the expected life of the options and warrants, the price volatility of the Company's stock over a relevant timeframe, the determination of a relevant risk-free interest rate and an assumption regarding the Company's dividend policy in the future.

A summary of all the Company's significant accounting policies and estimates may be found in Note 3 to the financial statements.

RISKS AND UNCERTAINTY

Kane Biotech operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control. The Company is subject to risks both inherent and not inherent to the biotechnology industry, including:

Risks Related to the Company's Financial Condition

- The Company has not derived sufficient revenues to date from the commercial sale of its antibiofilm technology and products to offset its costs. In light of the length of time and expense associated with bringing new products through commercialization, obtaining regulatory approval and bringing products to market, operating losses are expected to continue.
- The Company has relied upon equity financing to support operations and will continue to need significant amounts of additional capital that may not be available to the Company on favourable terms and may be dilutive.
- The Company has relied upon non-dilutive government funding to support some of its research and development programs and other operations. This funding is contingent upon certain deliverables being fulfilled as mandated by the government agencies.
- The Company may fail to obtain additional financing and be unable to fund operations and commercialize its product candidates.

The Company intends to raise additional financing, as required, through research, partnering and licensing arrangements, the exercise of warrants and options, equity financing and government funding. However, there can be no assurance that these financing efforts will be successful or that the Company will continue to be able to meet ongoing cash requirements. It is possible that financing will not be available or, if available, may not be on favourable terms. The availability of financing will be affected by the results of scientific and clinical research, the ability to obtain regulatory approvals, market acceptance of the Company's products, the state of the capital markets generally (with particular reference to pharmaceutical, biotechnology and medical companies), the status of strategic alliance agreements, available government funding and other relevant commercial considerations.

Risks Related to the Company's Financial Management

The Company is subject to ongoing foreign exchange, interest rate, credit and liquidity risks. The management of these risks is described in Note 22 of the Company's audited financial statements for the year ended December 31, 2022.

Risks Related to the Company's Business and Operations

- The Company is in various stages of development of its technologies and products and is dependent on the successful commercialization of its technologies and products to prevent and remove microbial biofilms. Delays may cause the Company to incur additional costs which could adversely affect the Company's liquidity and financial results.
- The Company's business is subject to significant government regulation and failure to achieve regulatory approval of its products would negatively affect the business.
- The Company can rely on contract manufacturers as part of its product development strategy, and it would be negatively affected if it is not able to maintain these relationships and/or the contract manufacturers failed to maintain appropriate quality levels.
- Even if product candidates receive all of the required regulatory approvals, there is no guarantee of market acceptance or commercialization of the resulting product candidates, which will be determined by the Company's sales, marketing and distribution capabilities and the positioning and competitiveness of its products compared with any alternatives.
- The Company's industry is characterized by rapid change and a failure by the Company to react to these changes could have a material adverse effect on its business.
- If the Company fails to hire or retain needed personnel, the implementation of its business plan could slow and future growth could suffer.

Risks Relating to the Intellectual Property

- Failure to protect intellectual property, or infringement on the intellectual property rights of others, may impede the Company's ability to operate freely.
- The Company is dependent on strategic partners, including contract research organizations, as part of its product

development strategy, and it would be negatively affected if it is not able to initiate or maintain these relationships.

Kane Biotech views patents and other means of intellectual property protection as essential to the Company's core business by protecting the Company's proprietary technology from infringement by competitors. To that end, patents will continue to be filed by the Company to ensure the highest level of protection possible is obtained for its products and technologies. The Company requires all employees, consultants, and parties to collaborative research agreements to execute confidentiality agreements upon the commencement of employment, consulting relationships or a collaboration with the Company. These agreements require that all information developed or made known during the course of the engagement with the Company is to be kept confidential. The Company also maintains agreements with scientific staff and all parties contracted in a scientific capacity, providing that all inventions resulting from work performed for Kane Biotech, using its property, or relating to its business and conceived or completed during the period covered by the agreement are the exclusive property of the Company.

Risks Relating to the Company's Common Shares

- The Company has not paid and does not intend to pay any cash dividends on its common shares and therefore, its shareholders may not be able to receive a return on their shares unless they sell them.
- The market price and trading volume of the Company's common shares may be volatile. In addition, variations in future earnings estimates by securities analysts and the market prices of the securities of the Company's competitors may also lead to fluctuations in the trading price of the common shares.
- The significant costs that the Company will incur as a result of being a public company in Canada could adversely affect its business.

To date, no dividends have been declared or paid on the common shares, and it is not expected that dividends will be declared or paid in the immediate or foreseeable future. The policy of the Board of Directors of the Company is to reinvest all available funds in operations. The Board of Directors may reassess this policy from time to time. Any decision to pay dividends on the common shares of Kane Biotech will be made by the Board of Directors based on the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company.