

May 23, 2024



Kane Biotech Announces First Quarter 2024 Financial Results

WINNIPEG, Manitoba, May 23, 2024 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX-V:KNE; OTCQB:KNBIF) (the "Company" or "Kane Biotech") today announces its first quarter 2024 financial results.

The Company previously announced on April 11, 2024 that it had reached an agreement in principle for the sale of its entire interest in STEM Animal Health Inc. ("STEM") to a third party multi-national pharmaceutical company on a cash-free debt-free basis for \$8,000,000 USD (the "Transaction"), subject to adjustments in accordance with the terms of the agreement in principle, as well as other consideration including the net cash held in STEM (estimated at \$600,000 CND) and a working capital adjustment (estimated at \$350,000 CND).

Overall, it was anticipated that the sale of STEM would net Kane Biotech in excess of CND \$11,500,000 CND (including the cash deposits already received). In connection with the Transaction, but not included in the net amount of the sale, the Company will be eligible for a \$750,000 USD sales-based milestone payment and will also be entering into product development and transitional manufacturing agreements with STEM.

The Company used the net proceeds from the Transaction to repay its outstanding loan to Pivot Financial I Limited Partnership in the amount of approximately \$6,700,000 CND, and it will use the remainder of the net proceeds for general working capital purposes.

In the second quarter of 2024, Kane will be recording a gain of approximately \$10 million CND on the sale of its interest in STEM which will be offset by income tax loss carry forwards for income tax purposes.

First Quarter 2024 Financial Highlights (Including Discontinued STEM Operations):

- License and royalty income for the three months ended March 31, 2024 was \$199,074, an increase of 44% compared to \$138,180 in the three months ended March 31, 2023. The increase is due mainly to incremental license and royalty income associated with Skout's Honor's launch of its oral care product line in 2023 as well as increased royalty revenue from Dechra and Animalcare in the current period.
- Product and services revenue for the three months ended March 31, 2024 was \$742,587, an increase of 38% compared to \$539,437 in the three months ended March 31, 2023. The increase is due mainly to higher pet retail and online sales of bluestem™ products in the current period.
- Total revenue for the three months ended March 31, 2024 was \$941,661, an increase of 39% compared to \$677,617 in the three months ended March 31, 2023.

- Gross profit for the first quarter of 2024 was \$560,786, an increase of 63% compared to \$345,047 for the first quarter of 2023.
- Total operating expenses for the three months ended March 31, 2024 were \$1,624,265, an increase of 19% compared to \$1,360,793 for the three months ended March 31, 2023. The increase is primarily due to higher contract research expenditures related to the Company's coactiv+™ Antimicrobial Wound Gel product development and higher non-cash long-term incentive expense in the current period.
- Loss for the first quarter of 2024 was (\$1,346,825), an increase of 8% compared to (\$1,244,684) for the quarter ended March 31, 2023.

Detailed financial information about Kane Biotech can be found in its March 31, 2024 Financial Statements and Management Discussion and Analysis on SEDAR and the Company's website.

"So far in 2024 we have completed the sale of STEM, paid off all of our interest-bearing debt, strengthened our Board with the addition of Dr. Robert Huizinga as Executive Chair and filed a patent on our revyve™ Antimicrobial Wound Gel Spray, a follow-on product to our FDA 510(k) cleared revyve™ Antimicrobial Wound Gel," said Marc Edwards, President & CEO. "The manufacturing scale-up of our revyve™ Antimicrobial Wound Gel continues to progress well and we anticipate having product available for our US distribution partner ProgenaCare later this quarter."

2024 YTD Corporate Highlights:

- On April 15, 2024, Kane Biotech announced that it had completed the sale of its interest in STEM to Dechra. The Transaction was completed by way of a share purchase agreement between Kane, STEM, Ecuphar NV and Dechra dated April 12, 2024. In accordance with the policies of the TSX Venture Exchange, the Transaction required the consent of shareholders of Kane holding over 50% of the common shares of Kane due to the fact that the Transaction constituted a sale of more than 50% of Kane's assets, business or undertaking. In connection with the completion of the Transaction, Kane obtained the written consent of shareholders of Kane holding more than 50% of the common shares of Kane.
- On March 8, 2024, Kane Biotech announced that at the Bioscience Association of Manitoba ("BAM") annual awards dinner held on March 7, 2024, the Company received the BAM Company of the Year award. The Bioscience Company of the Year award acknowledges a private sector company based in Manitoba that has distinguished itself in the past year through demonstrated leadership, significant achievement and paving the road toward future wealth and job creation in the region.
- On February 22, 2024, Kane Biotech announced that at the special meeting of the shareholders of the Company held on February 20, 2024, Dr. Robert Huizinga was elected as a director of the Company. The Company also announced that Dr. Huizinga had been appointed by the directors of the Company as Executive Chair of the Company.
- On January 31, 2024, the Company announced that it had filed a patent on its revyve™ Antimicrobial Wound Gel Spray, a follow-on product to its FDA 510(k) cleared revyve™ Antimicrobial Wound Gel and would be introducing it at the Boswick Burn and Wound Care Symposium on the same date.

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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 (67 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. DispersinB[®], Aledex[™], coactiv+[™], coactiv+[®], DermaKB[™], DermaKB Biofilm[™], and revyve[™] 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".

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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

Consolidated Statements of Comprehensive Loss

	Three months ended March 31,	
	2024	2023
Total revenue, continuing operations	\$ 51,886	\$ 35,271

Gross profit, continuing operations	40,051	28,153
Operating expenses, continuing operations		
General and administration	786,851	604,639
Research	441,302	300,285
Total operating expenses, continuing operations	1,228,153	904,924
Loss prior to other expenses, continuing operations	(1,188,102)	(876,771)
Net other expenses, continuing operations	305,684	237,193
Loss and comprehensive loss for the period, continuing operations	\$ (1,493,786)	\$ (1,113,964)
Income (loss) and comprehensive income (loss) from discontinued operations	\$ 146,961	\$ (130,720)
Net loss and comprehensive loss	\$ (1,346,825)	\$ (1,244,684)
Net loss and comprehensive loss attributable to shareholders	\$ (1,395,822)	\$ (1,201,102)
Basic and diluted loss per share for the period	\$ (0.01)	\$ (0.01)
Weighted average shares outstanding - basic and diluted	131,844,567	124,833,906

Consolidated Statements of Financial Position	March 31, 2024	December 31 2023
Cash and cash equivalents	\$ 826,699	\$ 749,248
Other current assets	590,777	502,164
Assets held-for-sale - current	2,467,224	2,471,694
Non-current assets	1,751,993	1,799,008
Assets held-for-sale - non-current	161,948	158,805
Total assets	\$ 5,798,641	\$ 5,680,919
Current liabilities	\$ 11,763,642	\$ 10,273,267
Liabilities held-for-sale - current	551,802	621,133
Non-current liabilities	2,234,170	2,366,593
Liabilities held-for-sale - non-current	783,279	829,318
Shareholders' deficit	(9,534,252)	(8,409,392)
Total liabilities and shareholders' equity	\$ 5,798,641	\$ 5,680,919



Source: Kane Biotech Inc.