

Condensed Interim Financial Statements
(Expressed in Canadian Dollars)

KANE BIOTECH INC.

Three months ended March 31, 2026 and 2025
(Unaudited)

In accordance with National Instruments 51-102 released by the Canadian Securities Administrator, the Company discloses its auditors have not reviewed the unaudited condensed interim financial statements for the three months ended March 31, 2026 and 2025.

KANE BIOTECH INC.

Condensed Interim Statement of Financial Position

	Note	March 31, 2026	December 31, 2025
Assets			
Cash and cash equivalents		\$ 395,058	\$ 901,698
Trade and other receivables		29,388	36,495
Inventory	7	476,685	504,562
Prepaid expenses		273,761	246,498
Current assets		1,174,892	1,689,253
Property and equipment	8	88,301	476,488
Intangible assets	9	547,664	568,300
Non-current assets		635,965	1,044,788
Total assets		\$ 1,810,857	\$ 2,734,041
Liabilities and Shareholders' Deficit			
Trade payable and accrued liabilities		\$ 1,212,852	\$ 1,076,177
Other liability		99,168	100,101
Loans payable and lease liability - current	10	1,278,802	1,325,594
Current liabilities		2,590,822	2,501,872
Loans payable and lease liability	10	638,553	978,714
Total non-current liabilities		638,553	978,714
Total liabilities		3,229,375	3,480,586
Shareholders' Deficit			
Share capital	11(a)	27,995,795	27,965,674
Contributed surplus		8,422,374	8,409,641
Warrants	11(d)	14,505	14,505
Deficit		(37,851,192)	(37,136,365)
Total Shareholders' Deficit		(1,418,518)	(746,545)
Going concern	2(b)		
Commitments and contingencies	12		
Subsequent event	15		
Total liabilities and shareholders' deficit		\$ 1,810,857	\$ 2,734,041

The notes on pages 5 to 12 are an integral part of these condensed interim financial statements.

KANE BIOTECH INC.

Condensed Interim Statement of Loss and Comprehensive Loss

	Note	Three months ended March 31, 2026	Three months ended March 31, 2025
Revenue	5	\$ 43,218	\$ 412,513
Cost of sales	7	47,117	370,066
Gross profit (loss)		(3,899)	42,447
Expenses			
General and administration	6,8	460,606	942,486
Research	6,8,9	208,796	261,019
Expenses		669,402	1,203,505
Loss from operations		(673,301)	(1,161,058)
Other income (expenses):			
Finance income		3,077	1,925
Finance expenses		(57,877)	(58,659)
Foreign exchange loss		(2,898)	(705)
Gain on lease termination	8	20,395	-
Net other expenses		(37,303)	(57,439)
Loss and comprehensive loss before income tax		(710,604)	(1,218,497)
Deferred tax expense	10(c)	(4,223)	-
Net loss and comprehensive loss		\$ (714,827)	\$ (1,218,497)
Basic and diluted loss per share for the period		\$ (0.00)	\$ (0.01)

The notes on pages 5 to 12 are an integral part of these condensed interim financial statements.

KANE BIOTECH INC.

Condensed Interim Statement of Changes in Shareholders' Deficit

	Note	Share Capital	Contributed Surplus	Warrants	Deficit	Total
Balance as of January 1, 2025		\$ 24,402,338	\$ 8,317,784	\$ 65,767	\$ (34,415,126)	\$(1,629,237)
Loss and comprehensive loss for the year		-	-	-	(2,721,239)	(2,721,239)
Total equity transactions:						
Net fair value of the equity component of the convertible loan	10(c)	-	292,013	-	-	292,013
Issuance of common shares	11(a)	3,330,379	-	-	-	3,330,379
Share-based payments		-	246,068	-	-	246,068
Exercised stock options		62,991	(12,991)	-	-	50,000
Restricted share units reversed		-	(329,034)	-	-	(329,034)
Restricted share units redeemed	11(c)	169,966	(169,966)	-	-	-
Warrants expired	11(d)	-	65,767	(65,767)	-	-
Warrants granted	11(d)	-	-	14,505	-	14,505
Total equity transactions		3,563,336	91,857	(51,262)	-	3,603,931
Balance as of December 31, 2025		\$ 27,965,674	\$ 8,409,641	\$ 14,505	\$ (37,136,365)	\$(746,545)
Net loss and comprehensive loss for the period		-	-	-	(714,827)	(714,827)
Total equity transactions:						
Share-based payments	11(b),(c)	-	13,631	-	-	13,631
Exercised stock options	11(a),(b)	29,121	(4,121)	-	-	25,000
Restricted share units redeemed	11(a),(c)	1,000	(1,000)	-	-	-
Reversal of deferred tax recovery	10(c)	-	4,223	-	-	4,223
Total equity transactions		30,121	12,733	-	-	42,854
Balance as of March 31, 2026		\$ 27,995,795	\$ 8,422,374	\$ 14,505	\$ (37,851,192)	\$(1,418,518)

The notes on pages 5 to 12 are an integral part of these condensed interim financial statements.

KANE BIOTECH INC.
Condensed Interim Statement of Cash Flows

	Note	Three months ended March 31, 2026	Three months ended March 31, 2025
Cash provided by (used in):			
Operating activities:			
Loss and comprehensive loss		\$ (714,827)	\$ (1,218,497)
Adjustments for:			
Depreciation of property and equipment		11,093	39,235
Amortization of intangible assets		7,910	8,617
Loss on disposal of equipment	8	1,756	1,611
Loss on derecognition of intangible assets	9	25,612	-
Gain on lease termination including termination fee paid	8	(59,362)	-
Interest on loans and finance lease	10	55,850	57,303
Warrant expense		-	(1,803)
Share-based compensation	11(b),(c)	13,631	144,563
Non-cash marketing expenses	11(a),(c)	25,000	-
Deferred tax expense	10(c)	4,223	-
Change in the following:			
Trade and other receivables		7,107	(115,897)
Inventory		27,877	218,446
Prepaid expenses		(27,263)	(234,115)
Trade payable and accrued liabilities		136,675	(3,148)
Other liability		(933)	-
Cash used in operating activities		(485,651)	(1,103,685)
Financing activities:			
Issuance of common shares		-	1,450,955
Interest on finance lease	10(b)	(2,203)	(12,948)
Repayment of government loans	10(a)	-	(126,000)
Repayment of lease liability	10(b)	(5,900)	(28,719)
Cash provided by (used in) financing activities		(8,103)	1,283,288
Investing activities:			
Purchase of property and equipment		-	(13,755)
Additions to intangible assets	9	(12,886)	(31,077)
Cash used in investing activities		(12,886)	(44,832)
Increase (decrease) in cash		(506,640)	134,771
Cash and cash equivalents, beginning of period		901,698	358,813
Cash and cash equivalents, end of period		\$ 395,058	\$ 493,584

The notes on pages 5 to 12 are an integral part of these condensed interim financial statements.

KANE BIOTECH INC.

Notes to the Condensed Interim Financial Statements
Three months ended March 31, 2026 and 2025

1. Reporting entity and basis of presentation

a) Basis of presentation

The condensed interim financial statements for the three months ended March 31, 2026 have been prepared as the separate financial statements of Kane Biotech Inc. (the “Company”) in accordance with International Accounting Standard (“IAS”) 27, *Separate Financial Statements*. In prior periods, the Company prepared consolidated financial statements that included the accounts of its former subsidiary, STEM Animal Health Inc. (“STEM”). The Company disposed of its interest in STEM on April 12, 2024 and, accordingly, no longer has any subsidiaries. As a result, the Company is no longer required to prepare consolidated financial statements. As the disposal of STEM occurred in a prior period and there are no discontinued operations in either the current or comparative period, no amounts have been presented as discontinued operations in these financial statements.

b) Reporting entity:

The Company is a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms. The Company is domiciled and incorporated in Canada. Its registered office is 263-196 Innovation Drive, Winnipeg, Manitoba, Canada, R3T 6C5.

2. Basis of preparation of condensed interim financial statements:

a) Statement of compliance

These unaudited condensed interim financial statements of the Company for the three months ended March 31, 2026 and 2025 have been prepared in accordance with IAS 34, *Interim Financial Reporting* and they should be read in conjunction with the Company’s audited consolidated financial statements as at and for the year ended December 31, 2025 (“last annual financial statements”), which were prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (“IFRS[®] Accounting Standards”). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS[®] Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial statements.

These condensed interim financial statements have been authorized for issue by the Board of Directors on May 27, 2026.

b) Going concern

These condensed interim financial statements have been prepared assuming the Company will continue as a going concern, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is material uncertainty about the appropriateness of the use of the going concern assumption because the Company has experienced operating losses and net cash outflows from operations since inception and has not yet achieved profitability from the commercialization of its products which casts significant doubt on the Company’s ability to continue as a going concern. For the three months ended March 31, 2026, the Company had a loss and comprehensive loss of \$714,827 (March 31, 2025 – \$1,218,497) and negative cash flow from operating activities of \$485,651 (March 31, 2025 - \$1,103,685), and as of that date had working capital deficit of \$1,415,930 (December 31, 2025 - \$812,619) and a deficit of \$37,851,192 (December 31, 2025 - \$37,136,365).

The Company’s ability to continue operations is primarily dependent upon cash inflows from product revenues, non-dilutive government funding and securing additional capital through debt or equity financings. While the Company is striving to achieve this, there is no assurance that such sources of funds will be available or obtained on favourable terms. If the Company cannot generate product and services revenue, obtain grant funding, or if it cannot secure additional financing on acceptable terms, the Company will have to consider additional strategic alternatives. These may include, among other strategies, exploring the monetization of certain tangible and intangible assets as well as seeking to license assets, potential asset divestitures, winding up, dissolution or liquidation of the Company.

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 these financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

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Notes to the Condensed Interim Financial Statements
Three months ended March 31, 2026 and 2025

2. Basis of preparation of condensed interim financial statements (continued):

These financial statements do not reflect adjustments in the carrying values of the Company's assets and liabilities, revenue and expenses, and the statement of financial position classifications used, that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

3. Use of judgements and estimates:

In preparing these condensed interim financial statements, management has made judgements and estimates about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Determination of fair values

Several of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values that have been determined for measurement and/or disclosure purposes based on certain models are indicated below. When applicable, further information about the assumptions made in determining fair values was disclosed in the notes specific to that asset or liability in the last annual financial statements except those new and significant ones, which are disclosed in these condensed interim financial statements.

(a) Share-based payment transactions:

The fair value of stock options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not considered in determining fair value.

The fair value of restricted share units is determined by the Company's closing share price on the TSX Venture Exchange on the date of issuance.

(b) Financial assets and liabilities:

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies. The carrying values of current monetary assets and liabilities approximate their fair values due to their relatively short periods to maturity.

Financial assets and liabilities that are recognized on the condensed interim statement of financial position at fair value follow a hierarchy that is based on the significance of the inputs used in making the measurements. The government loans and the convertible loan represent a level 2 input that represents inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

4. Change in accounting policy:

In these condensed interim financial statements, the Company applied the same accounting policies as those applied in its financial statements as at and for the year ended December 31, 2025 except as follows:

Annual Improvements to IFRS® Accounting Standards – Volume 11 (Amendments)

Amendments to IFRS 9, *Financial Instruments*, issued in July 2024, clarify that when a lessee determines that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognize any difference between the carrying amount and the consideration paid in profit and loss. Amendments to IFRS 9 also require that a trade receivable which does not contain a significant financing component should be measured at initial recognition at an amount determined by applying IFRS 15, *Revenue from Contracts with Customers*, which might differ from the transaction price. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The Company adopted the Amendment of IAS 21, *The Effects of Changes in Foreign Exchange Rates*, with no material impact on its condensed interim financial statements.

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Notes to the Condensed Interim Financial Statements
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4. Change in accounting policy (Continued):

Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

Amendments to IFRS 9 and IFRS 7, *Financial Instruments: Disclosures*, issued in May 2024, provide clarification that a financial liability is derecognized on the settlement date, provide an accounting policy option to derecognize a financial liability that is settled in cash using an electronic payment system before the settlement date if specified criteria are met; clarify how to assess the contractual cash flow characteristics of financial assets with contingent features, including environmental, social and corporate governance (ESG) linked features, clarify that, for a financial asset to have non-recourse features, the entity's ultimate right to receive cash flows must be contractually limited to the cash flows generated by specified assets, clarify the characteristics of the contractually linked instruments that distinguish them from other transactions, and add new disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income and financial instruments that have certain contingent features. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The Company adopted these amendments, with no material impact on its condensed interim financial statements.

A number of new accounting standards and amendments to accounting standards are effective for annual periods beginning after January 1, 2027 and earlier application is permitted. The Company has not early adopted any of the forthcoming new or amended accounting standards in preparing these condensed interim financial statements.

5. Revenue:

The Company's operations and main sources of revenue are described in the Company's December 31, 2025 financial statements. For the three months ended March 31, 2026, the Company's revenue is derived primarily from distributor contracts and direct sales to end users of its revyve® and DermaKB® product lines.

The following additional factors impacted the Company's revenues for the three months ended March 31, 2026 and March 31, 2025:

During the year ended December 31, 2024, the Company entered into a contract manufacturing agreement with Dechra Veterinary Products LLC ("Dechra") under which the Company manufactured animal health products for Dechra during the transition period between the sale of STEM to Dechra and December 31, 2024. This agreement was extendable for a period of two months based on mutual agreement of Dechra and the Company. All manufacturing under this agreement was completed in February 2025. During the three months ended March 31, 2026, the Company recognized no manufacturing service revenue (March 31, 2025 – \$396,143) related to this contract manufacturing agreement.

During the year ended December 31, 2025, the Company terminated its animal health product testing services agreement with a third party. The Company has now transitioned to and is focusing on human health related operations. During the three months ended March 31, 2026, the Company recorded revenue of \$nil (March 31, 2025 - \$9,061) from these animal health product testing services.

During the three months ended March 31, 2026, the Company completed the liquidation of its DermaKB® product inventory to an independent third party. During the three months ended March 31, 2026, the Company recorded revenue of \$39,759 (March 31, 2025 - \$1,888) related to DermaKB.

6. Government and other assistance:

The Company was awarded government grants.

For the three months ended March 31, 2026, the Company recorded \$4,000 in government assistance (March 31, 2025 - \$107,285).

For the three months ended March 31, 2025, the Company received government assistance from the National Research Council of Canada Industrial Research Assistance Program (NRC-IRAP) and the U.S. Department of Defense's Medical Technology Enterprise Consortium Research Project Award (MTEC).

Government assistance was recorded as reductions from general and administration and research expenses in the condensed interim statement of loss and comprehensive loss.

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Notes to the Condensed Interim Financial Statements Three months ended March 31, 2026 and 2025

7. Inventories:

During the three months ended March 31, 2026, the Company recognized a recovery of previously recorded inventory write-downs of \$96,983 (March 31, 2025 – \$475), related to discontinued and expired products. This recovery is included in cost of sales.

The recovery comprises \$96,884 related to DermaKB scalp care products and \$99 related to revyve wound gel products. The DermaKB products had been fully provisioned in the year ended December 31, 2024 and were subsequently sold during the current period for proceeds of \$39,759, compared to their original carrying value of \$137,601.

8. Property and equipment:

During the three months ended March 31, 2026, the Company terminated the lease of its laboratory premises and, as a result, derecognized net right-of-use assets of \$375,338 and recorded a gain of \$20,395 after deducting the termination fee of \$38,967.

During the three months ended March 31, 2026, the Company wrote off \$1,756 of computer and scientific equipment (March 31, 2025 - \$1,611), which is included in general and administration and research expenses.

9. Intangible assets:

During the three months ended March 31, 2026, the Company capitalized \$10,859 of patent expenditures (March 31, 2025 - \$31,077) and \$2,027 of trademark expenditures (March 31, 2025 - \$nil).

The Company has considered indicators of impairment as of March 31, 2026 and has determined that it was not feasible to pursue certain patents and patents pending and accordingly has derecognized net patents \$25,612 for the three months ended March 31, 2026 (March 31, 2025 - \$nil).

As of March 31, 2026, the Company has recorded aggregate impairment (derecognition) losses of \$1,750,428 (March 31, 2025 - \$1,694,117) primarily resulting from patents and patent applications that were abandoned. Amortization and derecognition expenses are recognized in research expenses.

10. Loans payable and lease liability:

A summary of loans payables and the lease liability is as follows:

	Note	Nominal Interest rate	Year of maturity	Face value	Carrying amount
Balance as of January 1, 2026				\$	2,304,308
Derecognition					
Lease liability	(b)	6%	2031	(955,871)	(434,700)
Repayments					
Lease liability	(b)	6%	2031	(8,103)	(5,900)
Accretion expenses					
Government loan	(a)	N/A	2028	-	32,253
Convertible loan	(c)	3%	2030	-	21,394
					53,647
Balance as of March 31, 2026				\$	1,917,355

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Notes to the Condensed Interim Financial Statements Three months ended March 31, 2026 and 2025

10. Loans payable and lease liability (continued):

(a) Government loan

On June 16, 2025, the Company received a notice of default from Prairies Economic Development Canada ("PrairiesCan") in relation to the funding agreement. The notice of default indicates that the Company has not met or satisfied the terms and conditions of the contribution agreement referenced as it relates to the terms of repayment which requires the Company to repay the contributions in 59 consecutive monthly installments of \$42,000 commencing April 1, 2023 and one final installment of \$13,267 due March 1, 2028. In accordance with the funding agreement, the Company agreed to pay the PrairiesCan interest calculated and compounded at the average bank rate plus 3.00% (8.83% for 2026) with interest accruing during the period beginning on the due date and ending on the day before the day on which payment is received by PrairiesCan. The Company made all required repayments from April 1, 2023 to May 1, 2025. Ten installments (\$420,000) were unpaid as of March 31, 2026. Given this default on repayments, the loan has been classified as current on condensed interim statement of financial position.

As of March 31, 2026, the Company accrued interest of \$28,051 (December 31, 2025 - \$7,317) related to unpaid instalments and the outstanding balance of repayable contributions and accrued interest is \$1,427,318 (December 31, 2025 - \$1,406,584). As of March 31, 2026, the carrying value of the outstanding repayable contributions and accrued interest included in the Government loan balance on the condensed interim statement of financial position is \$1,278,802 (December 31, 2025 - \$1,246,549).

During the three months ended March 31, 2026, the Company recorded accretion expense of \$32,253 (March 31, 2025 - \$44,355) and made no repayments to PrairiesCan (March 31, 2025 - \$126,000).

The repayment schedule of the remaining contributions is as follows:

2026	826,051
2027	504,000
2028	97,267
	\$ 1,427,318

(b) Lease liability

During the three months ended March 31, 2026, the Company terminated the lease of its laboratory premises at which time the book value of the right-of-use asset and lease liability balance associated with the lease of its laboratory premises were \$375,338 and \$434,700 respectively. The terms of the lease termination included an early termination fee of \$38,967. The Company recorded a gain of \$20,395 on the termination of the laboratory premises lease.

As of March 31, 2026, the carrying amount of the lease liability was \$nil (December 31, 2026 - \$440,600).

During the three months ended March 31, 2026, \$8,103 (March 31, 2025 - \$41,667) was paid on the lease liability including interest of \$2,203 (March 31, 2025 - \$12,948).

(c) Convertible loan

The convertible debenture is a compound financial instrument, which contains both a liability and an equity component. At initial recognition, using a discount rate of 14%, the Company determined the fair value of the liability component to be \$572,470 recorded as a convertible loan and the net fair value of the equity component to be \$292,013 after offsetting \$108,005 deferred tax adjustment related to this convertible loan recorded in contributed surplus, for the net proceeds of \$972,488. The convertible loan is subsequently measured at amortized cost.

During the three months ended March 31, 2026, the Company recorded deferred tax expense of \$4,223 related to the convertible loan, primarily reflecting the reversal of a temporary difference previously recognized in equity in the year ended December 31, 2025.

As of March 31, 2026, the outstanding balance of the convertible loan with unpaid interest is \$1,022,932 (December 31, 2025 - \$1,015,534). As of March 31, 2026, the carrying value of the outstanding balance of the convertible loan with unpaid interest is \$638,553 (December 31, 2025 - \$617,159).

During the three months ended March 31, 2026, the Company recorded an accretion expense of \$21,394 (March 31, 2025 - \$nil) related to the convertible loan.

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Notes to the Condensed Interim Financial Statements Three months ended March 31, 2026 and 2025

11. Share Capital:

(a) Shares issued and outstanding

During the three months ended March 31, 2026, 250,000 stock options were exercised at the price of \$0.10 for aggregate gross proceeds of \$25,000, which offset with trade payable, and the fair market value of 250,000 stock options are \$4,121.

Shares issued and outstanding are as follows:

	Number of Common Voting Shares	Amount
Balance at January 1, 2025	137,786,567	\$ 24,402,338
Issuance of common shares	42,985,000	3,430,379
Cancelled shares	(1,000,000)	(100,000)
Restricted share units redeemed	1,324,998	169,966
Stock options exercised	500,000	62,991
Balance as of December 31, 2025	181,596,565	\$ 27,965,674
Restricted share units redeemed	10,000	1,000
Stock options exercised	250,000	29,121
Balance as of March 31, 2026	181,856,565	\$ 27,995,795

(b) Stock option plan

The Company has an equity-settled Stock Option Plan ("Plan") in place for employees, directors, officers, and consultants of the Company which is administered by the Board of Directors. At the General and Special Meeting of Shareholders held on June 25, 2025, the Company received shareholder approval to set the number of common shares reserved for the issuance of stock options under the Plan at 10% of the issued and outstanding shares of the Company as of June 25, 2025. As of March 31, 2026, an aggregate maximum of 16,586,657 (December 31, 2025 – 16,586,657) common share options are reserved for issuance under the Plan with 16,336,657 (December 31, 2025 – 16,086,657) of those common share options remaining available.

Stock options as of March 31, 2026 and December 31, 2025 are as follows:

	Three months ended March 31, 2026		Twelve months ended March 31, 2026	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of period	500,000	\$ 0.10	-	\$ -
Granted	-		1,000,000	\$ 0.10
Exercised	(250,000)	\$ 0.10	(500,000)	\$ 0.10
Balance, end of period	250,000	\$ 0.10	500,000	\$ 0.10
Options exercisable, end of period	-	\$ -	-	\$ -
Weighted average fair value per unit of option granted during the period		\$ 0.10		\$ 0.10

For the three months ended March 31, 2026, the Company recorded stock option compensation expense of \$686 (March 31, 2025 - \$nil).

Stock option compensation expense is based on the fair value of the options at the date of measurement using the Black-Scholes option pricing model.

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Notes to the Condensed Interim Financial Statements
Three months ended March 31, 2026 and 2025

11. Share Capital (continued):

(c) Restricted share unit plan

The Company has an equity-settled Restricted Share Unit Plan (“RSU Plan”) in place for employees, directors, officers, and consultants of the Company which is administered by the Board of Directors. At the General and Special Meeting of Shareholders held on June 25, 2025, the Company received shareholder approval to set the number of common shares reserved for the issuance of RSUs under the RSU Plan at 10% of the issued and outstanding shares of the Company as of June 25, 2025. As of March 31, 2026, an aggregate maximum of 16,586,657 (December 31, 2025 – 16,586,657) restricted share units are reserved for issuance under the Plan with 2,242,219 (December 31, 2025 – 2,242,219) of those common share options remaining available.

Restricted share units outstanding as of March 31, 2026 and December 31, 2025 consist of the following:

	Three months ended March 31, 2026	Twelve months ended December 31, 2025
Balance, beginning of period	13,114,440	21,474,510
Additions	-	-
Expired	-	(3,488,406)
Forfeited	-	(3,546,666)
Redeemed	(10,000)	(1,324,998)
Balance, end of period	13,104,440	13,114,440
Restricted share units exercisable, end of period	12,354,439	12,364,439

During the three months ended March 31, 2026, the Company recorded expenses of \$12,945 for the RSUS (March 31 2025 - \$144,563) with a corresponding offset to contributed surplus.

RSU compensation expense is based on the fair value of the RSUs as determined by the Company’s closing share price on the TSX Venture Exchange on the date of issuance.

(d) Warrants

Warrants outstanding as of March 31, 2026 and December 31, 2025 are as follows:

	Three months ended March 31, 2026			Twelve months ended December 31, 2025		
	Warrants	Amount	Weighted average exercise price	Warrants	Amount	Weighted average exercise price
Balance, beginning of period	566,100	\$14,505	\$ 0.10	3,125,000	\$ 65,767	\$ 0.10
Granted	-	-	-	566,100	14,505	0.15
Exercised	-	-	-	-	-	-
Expired	-	-	-	(3,125,000)	(65,767)	0.10
Balance, end of period	566,100	\$14,505	\$ 0.15	566,100	\$ 14,505	\$ 0.15
Weighted average remaining contractual life	0.33 years			0.58 year		

12. Commitments and contingencies:

As of March 31, 2026 and in the normal course of business, the Company has obligations to make future payments, representing contracts and other commitments that are known and committed.

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Three months ended March 31, 2026 and 2025

12. Commitments and contingencies (continued):

Contractual obligation payments due by fiscal year ending December 31:

	USD
2026	\$ 23,005
2027	\$ 10,000
2028	\$ 10,000
2029 and after	\$ 10,000
	\$ 53,005

13. Related parties:

During the three months ended March 31, 2026, the key management personnel compensation was \$132,203 (March 31, 2025 - \$349,279).

The decrease is mainly due to lower salaries and short-term and long-term compensation expenses in the current period.

14. Segmented information:

The Company has two distinct operating segments, one for animal health and one for human health. The human health segment includes operations related to the Company's revyve and DermaKB product lines as well as research and development and corporate expenditures. The animal health segment includes the operations related to the manufacturing agreement that the Company had in place with Dechra post-sale of STEM.

These operating segments are monitored by the Company's interim chief executive officer who makes the strategic decisions on the allocation of resources based on adjusted segment reporting results.

Each operating segment is managed separately as it is operated differently, marketed differently, and different resources are required. There have been no inter-segment transactions.

The revenue and profit generated by each of the Company's operating segments and segmented assets and liabilities are summarized as follows:

	Three months ended March 31, 2026			Three months ended March 31, 2025		
	Animal health	Human health	Total	Animal health	Human health	Total
External revenue	\$ -	\$ 43,218	\$ 43,218	\$ 405,204	\$ 7,309	\$ 412,513
Total profit (loss)	-	(3,899)	(3,899)	41,670	777	42,447
Profit from discontinued segment	-	-	-	41,670	-	41,670
Profit (loss) - operating segment	\$ -	\$ (3,899)	\$ (3,899)	\$ -	\$ 777	\$ 777

	March 31, 2026			December 31, 2025		
	Animal health	Human health	Total	Animal health	Human health	Total
Segment assets	\$ 5,063	\$ 1,805,794	\$ 1,810,857	\$ 5,063	\$ 2,728,978	\$ 2,734,041
Segment liabilities	(124,108)	(3,105,267)	(3,229,375)	(125,041)	(3,355,545)	(3,480,586)

15. Subsequent event:

Private placement

On May 25, 2026, the Company closed a non-brokered private placement offering (the "Offering") of 23,200,000 units of the Company ("Units") at a price of \$0.05 per Unit for gross proceeds of \$1,160,000. Each Unit is comprised of one common share of the Company (a "Share") and one Share purchase warrant (a "Warrant"). Each full Warrant shall entitle the holder thereof to purchase one additional Share of the Company for a period of 18 months at an exercise price of \$0.06 per Share.