

May 22, 2019



# Kane Biotech Announces First Quarter 2019 Financial Results, Extension of Loan and Insider Funding

WINNIPEG, Manitoba, May 22, 2019 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX-V:KNE), (the "Corporation" or "Kane Biotech"), a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms, today announces its First Quarter 2019 Financial Results.

## Key Highlights of the first quarter include the following:

- Announced the kick-off of their new human health strategy focusing on the development of a wound care hydrogel containing Kane's patented enzyme DispersinB®
- 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
- Experienced record-breaking year-over-year growth in product and services revenues, largely due to the delivery of its single largest purchase order for its bluestem products to one of the largest pet retail operations in North America
- Announced its growing partnership with Dechra Veterinary Products, leading to growing royalty revenues from product expansion, growing sales demand, and broader veterinary approval
- Signed a non-exclusive Distribution Agreement with a major Chinese distributor and secured its first order valued at \$25K USD
- Announced new sales representation by SLA Brands, who will now exclusively represent Kane's bluestem line of products to distributors and retailers in the US market
- Launched three new bluestem products; powder water additive, dental wipe, and small and medium sized dental chews. A fourth product, medium and large sized rawhide chews, will launch later in 2019

"We're off to a solid start this fiscal year with record-breaking year-over-year revenue growth as well as a number of exciting announcements," stated Marc Edwards, Chief Executive Officer of Kane Biotech. "We are working hard to transform our business and I'm very proud of our recent accomplishments in both the animal and human health markets. We continue to develop our main proprietary technologies, DispersinB and Coactive+, for new uses and are building a strong pipeline for product and line expansion moving forward."

"I am confident in the steps we are taking to create sustainable growth and look forward to continuing to build momentum throughout 2019," concluded Mr. Edwards.

## **First Quarter 2019 Financial Highlights**

### Total Revenues:

- For the quarter ended March 31, 2019 were \$621,256 an increase of 465% compared to \$109,978 for the quarter ended March 31, 2018.

### License and Royalty Revenues:

- For the quarter ended March 31, 2019 were \$50,761, an increase 70% of compared to \$29,865 for the quarter ended March 31, 2018.

### Product and Services Revenues:

- For the quarter ended March 31, 2019 were \$570,495, an increase of 612% compared to \$80,113 for the quarter ended March 31, 2018.

### Gross Profit:

- For the quarter ended March 31, 2019 was \$210,848, an increase of \$216,214 compared to \$(5,366) for the quarter ended March 31, 2018.

### Total Operating Expenses:

- For the quarter ended March 31, 2019 were \$830,123, a decrease of 4% compared to \$866,930 for the quarter ended March 31, 2018.

### Loss:

- For the quarter ended March 31, 2019 was (\$657,393), an improvement of 25% compared to (\$873,028) for the quarter ended March 31, 2018.

### Selected Income Statement Information

Kane Biotech Inc. (TSX:V:KNE)	Q1 2019	Q1 2018	% Change
Total Revenue	\$621,256	\$109,978	465%
License and Royalty Revenue <sup>1</sup>	\$50,761	\$29,865	70%
Product and Services Revenue	\$570,495	\$80,113	612%
Gross Profit \$ <sup>2</sup>	\$210,848	(\$5,366)	-
Total Operating Expenses	\$830,123	\$866,930	-4%
General and Administration <sup>2</sup>	\$595,685	\$633,335	-6%
Research	\$234,438	\$233,595	0%
Loss for the Period	(\$657,393)	(\$873,028)	-25%
Loss per Share	(\$0.008)	(\$0.011)	-25%

<sup>1</sup> In accordance with the adoption of IFRS 15 *Revenue from Contracts with Customers* which went in to effect January 1, 2018, the upfront payment of \$500,000 USD received from Dechra upon signing the License Agreement in March 2017 has been restated as deferred license revenue on the Statement of Financial Position retroactive to March 2017 and is now being recognized over the 10-year life of the agreement.

<sup>2</sup> Certain expenses previously recorded as general and administrative expenses in 2018 have been reclassified as cost of sales.

### Selected Cash Flow Information

Kane Biotech Inc. (TSX:V:KNE)	Q1 2019	Q1 2018	% Change
Cash, end of period	\$122,788	\$1,244,828	-90%
Cash, beginning of period	\$75,425	\$1,975,723	-96%
Operating activities	(\$391,279)	(\$712,617)	-45%
Financing activities	\$450,000	\$0	-
Investing activities	(\$11,358)	(\$18,278)	-38%

Detailed financial information about Kane Biotech can be found in its March 31, 2019 Financial Statements and Management Discussion and Analysis on SEDAR and on the Corporation's website. All amounts referenced herein are in Canadian dollars.

In addition, Kane today announces that it has extended the expiry date of its \$500,000 loan from Individual Investment Corporation to July 17, 2019. No additional consideration has been paid by the Corporation in connection with this loan extension other than the continuation of regular interest payments.

The Corporation also announces that between October, 2018 and May, 2019 it has received a total of \$1.35 million in operating advances from insiders and their associates. These advances are in the form of unsecured notes that are payable upon demand by the lender at any time and bear interest at 8% per annum effective January 1, 2019. The funds are being used for general working capital purposes.

### First Quarter Fiscal 2019 Earnings Call Information

The Corporation's First Quarter Earnings Conference Call and Business Update is scheduled on Thursday, May 23<sup>rd</sup> at 4:30pm ET to discuss its financial results for the first quarter 2019, in conjunction with the filing of its Financial Statements for the first quarter of 2019.

Marc Edwards, Chief Executive Officer, and Ray Dupuis, Chief Financial Officer, will host

the call and provide an update on the Company's strategy and initiatives. There will be a management Q&A session following the prepared remarks. To participate in the call, please refer to the below dial-in details.

Dial-In (Toll-Free): 1 877 268 9044

Dial-In (Toll): 1 706 679 2995

Audience Passcode: 6168182

Webcast Link: <https://edge.media-server.com/m6/p/5veaaynq>

A live and archived audio webcast of the conference call will be available on Kane Biotech's [investor relations page](#).

## **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 Corporation has a portfolio of biotechnologies, intellectual property (58 patents and patents pending, trade secrets and trademarks) and products developed by the Corporation's own biofilm research expertise and acquired from leading research institutions. StrixNB(TM), DispersinB(R), Aledex(R), bluestem(TM), AloSera(TM), coactiv+(TM) and Kane(R) are trademarks of Kane Biotech Inc. The Corporation is listed on the TSX Venture Exchange under the symbol "KNE".

**For more information, please visit [www.kanebiotech.com](http://www.kanebiotech.com), or contact:**

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## Caution Regarding Forward-Looking Information

This press release contains certain statements regarding Kane Biotech Inc. that constitute forward-looking information under applicable securities law. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. These risks and uncertainties include, but are not limited to, risks relating to the Company's: (a) financial condition, including lack of significant revenues to date and reliance on equity and other financing; (b) business, including its early stage of development, government regulation, market acceptance for its products, rapid technological change and dependence on key personnel; (c) intellectual property including the ability of the Company to protect its intellectual property and dependence on its strategic partners; and (d) capital structure, including its lack of dividends on its common shares, volatility of the market price of its common shares and public company costs. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by the Company with applicable securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com). The Company cautions that the foregoing list of factors that may affect future results is not exhaustive.



Source: Kane Biotech Inc.