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Kane Biotech Announces Second Quarter 2019 Financial Results

WINNIPEG, Manitoba, Aug. 21, 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 Second Quarter 2019 Financial Results.

Key Highlights include the following:

- Announced \$3.8M in non-dilutive government funding from Western Economic Diversification Canada, the total amount the company applied for, in the form of interest-free repayable contributions to be paid back over five years starting in April 2023
- Announced three new additions to the Kane team: Lori Christofalos (Director of Quality and Compliance), Michel Stebenne (VP of Animal Health), and Shabnam Bashiri (Manager of Quality Control)
- Announced a share purchase by Marc Edwards, CEO, an exercise of warrants for a total value of \$280,000, the reimbursement of \$1.05M in cash advances back to insiders, and the extension of the expiry date of its 500,000 loan from Individual Investment Corporation
- Announced an exclusive distribution agreement with major Chinese distributor Eetoys Pet Products; Eetoys will distribute Kane's Oral Care products (bluestem and StrixNB) to over 2,000 retailers across China
- Secured a large order from leading Quebec pet products retailer Mondou; Mondou carries Kane's entire bluestem line and is working with Kane to expand its toothpaste line to meet growing demand
- Announced a new agreement with FreeMind Group, a renowned expert in securing non-dilutive funding from a variety of public and private sources
- Announced \$50,000 CAD in funding from the Government of Canada's CanExport SMEs program to be used to accelerate growth in Brazil, China, and the UK

"We had some transformative events this quarter, including the WED funding, recent additions to our growing team, and a number of new partnerships with established brands," stated Marc Edwards, Chief Executive Officer of Kane Biotech. "I believe we're positioned very well for accelerated growth over the next year. We continue to see growth in the sales and distribution of our Animal Health products, and we are in the late stages of development for our first Human Health product, a DispersinB hydrogel for wound care. We have a robust team in place and the resources necessary to expand our existing product portfolio and to develop novel products for new markets."

"I am very excited about Kane's success so far throughout 2019, and I look forward to

providing a deep dive into our operating activities and future priorities during the business update video conference on September 10,” concluded Mr. Edwards.

*Kane Biotech will be hosting its first-ever business update on **September 10, 2019**. The update video will feature multiple members of Kane’s team and will be available on the company’s website after market close on the tenth.*

Second Quarter 2019 Financial Highlights

Total Revenues:

- For the quarter ended June 30, 2019 were \$221,290, an increase of 97% compared to \$112,578 for the quarter ended June 30, 2018.
- For the six months ended June 30, 2019 were \$842,547, an increase of 279% compared to \$222,240 for the six months ended June 30, 2018.

License and Royalty Revenues:

- For the quarter ended June 30, 2019 were \$44,877, an increase 73% of compared to \$25,986 for the quarter ended June 30, 2018.
- For the six months ended June 30, 2019 were \$95,639, an increase of 71% compared to \$55,851 for the six months ended June 30, 2018.

Product and Services Revenues:

- For the quarter ended June 30, 2019 were \$176,413, an increase of 104% compared to \$86,592 for the quarter ended June 30, 2018.
- For the six months ended June 30, 2019 were \$746,908, an increase of 349% compared to \$166,389 for the six months ended June 30, 2018.

Gross Profit on Product and Services Revenues:

- For the quarter ended June 30, 2019 were \$37,631 compared to \$(6,897) for the quarter ended June 30, 2018.
- For the six months ended June 30, 2019 were \$197,718 compared to \$(42,126) for the six months ended June 30, 2018.

Total Operating Expenses:

- For the quarter ended June 30, 2019 were \$1,035,983, an increase of 47% compared to \$702,381 for the quarter ended June 30, 2018. Increased expenses were mainly due to one-time legal fees and growing investment in our Human Health initiatives.
- For the six months ended June 30, 2019 were \$1,866,105, an increase of 19% compared to \$1,569,311 for the six months ended June 30, 2018.

Income (loss):

- For the quarter ended June 30, 2019 income was \$1,675,462, compared to a loss of (\$684,946) for the quarter ended June 30, 2018.
- For the six months ended June 30, 2019 income was \$1,018,071 compared to a loss of \$(1,557,974) for the six months ended June 30, 2018.

Selected Income Statement Information

Kane Biotech Inc. (TSX:V:KNE)	Q2, 2019	Q2, 2018	% Change	June YTD, 2019	June YTD, 2018	% Change
Total Revenue	\$221,290	\$112,578	97%	\$842,547	\$222,240	279%
License and Royalty Revenue*	\$44,877	\$25,986	73%	\$95,639	\$55,851	71%
Product and Services Revenue**	\$176,413	\$86,592	104%	\$746,908	\$166,389	349%
Gross Profit \$ (Product and Services)	\$37,631	(\$6,897)	-	\$197,718	(\$42,126)	-
Total Operating Expenses	\$1,035,983	\$702,381	47%	\$1,866,105	\$1,569,311	19%
General and Administration	\$675,778	\$579,025	17%	\$1,271,462	\$1,212,360	5%
Research	\$360,205	\$123,356	192%	\$594,643	\$356,951	67%
Income (loss) for the Period	\$1,675,462	(\$684,946)	-	\$1,018,071	(\$1,557,974)	-
Income (loss) per Share	\$0.021	(\$0.009)	-	\$0.013	(\$0.019)	-

¹ 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.

² 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)	Q2, 2019	Q2, 2018	% Change	June YTD, 2019	June YTD, 2018	% Change
Cash, end of period	\$1,329,270	\$342,156	288%	\$1,329,270	\$342,156	288%
Cash, beginning of period	\$122,788	\$1,244,828	-90%	\$75,425	\$1,975,723	-96%
Operating activities	\$1,423,168	(\$870,710)	-	\$1,031,888	(\$1,583,327)	-
Financing activities	(\$200,000)	-	-	\$250,000	-	-
Investing activities	(\$16,686)	(\$31,962)	-48%	(\$28,043)	(\$50,240)	-44%

Detailed financial information about Kane Biotech can be found in its June 30, 2019 Financial Statements and Management Discussion and Analysis on SEDAR and on the Corporation's website. All amounts referenced herein are in Canadian dollars.

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 (56 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".

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Source: Kane Biotech Inc.