

March 24, 2022



Kane Biotech Announces Fourth Quarter and Full Year 2021 Financial Results

WINNIPEG, Manitoba, March 24, 2022 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX-V:KNE; OTCQB:KNBIF) (the "Company" or "Kane Biotech"), today announced its fourth quarter and full year 2021 financial results.

Fourth Quarter Financial Highlights

- Total Revenue for the three months ended December 31, 2021 was \$411,693, an increase of 60% compared to \$257,339 for the three months ended December 30, 2020. This increase is primarily attributable to increased pet retail sales.
- Gross profit for the fourth quarter of 2021 was \$187,315, an increase of 82% compared to \$102,717 for the quarter ended December 31, 2020.
- Total Operating expenses for the three months ended December 31, 2021 were \$1,490,686, an increase of 28% compared to \$1,168,493 for the quarter ended December 31, 2020. This increase is due primarily to increased research expenditures related to the Company's DispersinB[®] human wound care program.
- Loss for the fourth quarter of 2021 was \$(1,257,173) compared to \$(945,795) for the quarter ended December 31, 2020.
- Cash at December 31, 2021 was \$1,153,090 compared to \$1,007,923 as of December 31, 2020.

2021 Full Year Financial Highlights

- Total Revenue for year ended December 31, 2021 was \$1,607,775, an increase of 20% compared to \$1,341,574 for the year ended December 31, 2020. This increase is primarily attributable to increased pet retail sales and a lower proportion of sales discounts recorded in the current period, partially offset by the permanent US store closures in Q4 2020 of one of the Company's major pet retail customers.
- Gross profit for the year ended December 31, 2021 was \$568,441, an increase of 8% compared to \$526,859 for the year ended December 31, 2020.
- Total Operating expenses for the year ended December 31, 2021 were \$5,451,998, an increase of 15% compared to \$4,751,232 for the year ended December 31, 2020. This increase is largely attributable to a \$627,208 increase in non-cash compensation

expense recorded in the current period. Excluding this non-cash expense, total operating expenses increased by 1% in 2021 over 2020.

- Loss for the year ended December 31, 2021 was (\$4,849,912), an increase of 26% compared to (\$3,845,976) for the year ended December 31, 2020.

2021 Corporate Highlights:

Wound Care and Surgical

- Announced positive results from DispersinB[®] biocompatibility and in vivo safety studies in preparation for human clinical trials set to begin later this year. DispersinB[®] wound gel underwent an extensive pre-clinical testing regimen showing it to be safe, non-toxic and non-irritating, as well as passing all biocompatibility testing. In addition, DispersinB[®] wound gel significantly accelerated the healing of both infected and non-infected dermal wounds compared to controls.
- Signed a new manufacturing partnership with Dow Development Laboratories, LLC ("DDL") for process scale up and the manufacture of DispersinB[®] wound gel under Good Manufacturing Practices (GMP).
- Advanced product development efforts relating to the Company's coactiv+[™] wound gel, positioning Kane to receive 510(k) approval from the FDA in the second half of 2022.
- Received two patents from the European Patent Office providing broad protection of the Company's coactiv+[™] technology.

Animal Health

- Efficacy trials for STEM Animal Health Inc.'s ("STEM") pet oral care water additive have met the primary endpoint. STEM's pet oral care products are scientifically formulated with Kane's patented coactiv+[™] technology to safely break down plaque and tartar biofilm.
- STEM began shipping orders of bluestem[™] products to PetSmart[®] Canada, Canada's largest specialty pet retailer of services. Bluestem[™] oral care products are distributed to all 150 stores and available on PetSmart[®]'s online store.
- Kane received a milestone payment from Dechra Veterinary Products LLC in the amount of \$125,000 USD in anticipation of Dechra's commercial launch in South America in 2022.

Dermatology

- Kane's DermaKB[™] scalp care products gained significant traction, with Q4 2021 sales doubling Q3 2021 sales due to the Company's retail expansion of products onto Amazon.ca and Amazon.com and its strategic advertising efforts.

- DermaKB™ was recognized by the Canadian Dermatology Association Expert Advisory Board as part of their Skin Health Program (SHP), which identifies skin care products that are fragrance-free or unscented, have low potential for irritation and do not contain the most common allergens.

Financing

- The Company entered into an amended and restated credit agreement with Pivot Financial Inc. (“Pivot”) which amends and restates the existing credit agreement with Pivot dated November 5, 2020, increasing the credit facility to \$2.5 million from \$1.48 million.
- Subsequent to year end, the Company announced its intention to undertake a \$1 million capital raise in March 2022.

“I am proud of Kane’s accomplishments realized in 2021,” said Marc Edwards, President & CEO of Kane Biotech. “Growth opportunities were seized across each of our strategic pillars - animal health, dermatology, and wound and surgical care. Combined with our Q4 results, we have exited 2021 poised for growth and momentum that will further drive revenue in 2022.”

Kevin Cole, President and CEO of STEM, added, “2021 was a foundation building year for STEM Animal Health, including the rebuilding of our supply chain to support our future growth plans. We look forward to continuing to accelerate the growth realized in Q4 into 2022 and beyond.”

Detailed financial information about Kane Biotech can be found in its December 31, 2021 Financial Statements and Management Discussion and Analysis on SEDAR and the Company’s website.

Conference Call details:

Kane Biotech is pleased to invite all interested parties to participate in a conference call on Thursday, March 24, 2022, at 4:30pm ET during which time the results will be discussed.

Webcast <https://edge.media-server.com/mmc/p/qd5coozw>

Participant Dial In:

Participant Toll-Free Dial-In Number: (877) 268-9044
Participant International Dial-In Number: (706) 679-2995
Conference ID: 6942136

Audio Replay (7 Days valid after the live call)

Toll Free: (855) 859-2056
International: (404) 537-3406
Conference ID: 6942136

A live and archived audio webcast of the conference call will also be available on the investor relations page of Kane Biotech’s corporate website. www.kanebiotech.com

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 (81 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. StrixNB™, DispersinB® , Aledex™, bluestem™, bluestem® , silkstem™, goldstem™, coactiv+™, coactiv+® , 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".

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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

| Statement of Comprehensive Loss | Three months ended December 31, | | Year ended December 31, | |
|--|---------------------------------|--------------------------|-------------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Total Revenue | \$ 411,693 | \$ 257,339 | \$ 1,607,775 | \$ 1,341,574 |
| Gross Profit | 187,315 | 102,717 | 568,441 | 526,859 |
| Operating expenses | | | | |
| General and administration | 950,727 | 906,237 | 4,074,748 | 3,425,105 |
| Research | 532,648 | 262,256 | 1,369,939 | 1,326,127 |
| Total operating expenses | 1,483,375 | 1,168,493 | 5,444,687 | 4,751,232 |
| Loss from operations | \$ (1,296,059) | \$ (1,065,776) | \$ (4,876,246) | \$ (4,224,373) |
| Loss and comprehensive loss for the period | \$ (1,257,172) | \$ (945,795) | \$ (4,849,912) | \$ (3,845,976) |
| Loss and comprehensive loss for the period attributable to shareholders | \$ (1,268,816) | \$ (816,505) | \$ (4,604,566) | \$ (3,716,686) |
| Basic and diluted loss per share for the period | \$ (0.01) | \$ (0.01) | \$ (0.04) | \$ (0.03) |
| Weighted average shares outstanding - basic and diluted | 114,813,535 | 108,613,535 | 114,813,535 | 108,613,535 |
| | | | | |
| Statement of Financial Position | December 31, 2021 | December 31, 2020 | | |
| Cash and cash equivalents | \$ 1,153,090 | \$ 1,007,923 | | |
| Other current assets | 1,727,320 | 1,730,687 | | |
| Non-current assets | 3,253,883 | 2,297,009 | | |
| Total Assets | \$ 6,134,293 | \$ 5,035,619 | | |
| Current liabilities | \$ 4,721,009 | \$ 2,924,174 | | |
| Non-current liabilities | 2,980,298 | 1,036,709 | | |
| Shareholders' equity | (1,567,014) | 1,074,736 | | |
| Total liabilities and shareholders' equity | \$ 6,134,293 | \$ 5,035,619 | | |

Source: Kane Biotech Inc.