

April 20, 2023



# Kane Biotech Announces Fourth Quarter and Full Year 2022 Financial Results

WINNIPEG, Manitoba, April 20, 2023 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX-V:KNE; OTCQB:KNBIF) (the "Company" or "Kane Biotech"), today announced its fourth quarter and full year 2022 financial results.

## Fourth Quarter Financial Highlights

- Total revenue for the three months ended December 31, 2022 was \$691,654, an increase of 68% compared to \$411,693 for the three months ended December 31, 2021. This increase is primarily attributable to increased pet retail sales, licensing revenue, and royalties.
- Gross profit for the fourth quarter of 2022 was \$320,654 an increase of 71% compared to \$187,315 for the quarter ended December 31, 2021 due largely to increased license and royalty income.
- Total operating expenses for the three months ended December 31, 2022 were \$874,298, a decrease of 41% compared to \$1,490,686 for the quarter ended December 31, 2021. The decrease is due mainly to lower short-term and long-term incentive expense as well as lower contract research expenditures related to the Company's DispersinB<sup>®</sup> Hydrogel program in the current period.
- Loss for the fourth quarter of 2022 was (\$838,150), a decrease of 33% compared to (\$1,257,172) for the quarter ended December 31, 2021.
- Cash at December 31, 2022 was \$1,104,901 compared to \$1,153,090 as of December 31, 2021.

## 2022 Full Year Financial Highlights

- Total revenue for the year ended December 31, 2022 was \$2,668,352, an increase of 66% compared to \$1,607,775 for the year ended December 31, 2021. This increase is primarily attributable to increased pet retail and royalty revenues as well as the recognition of license revenue associated with VOHC certification achieved in April 2022.
- Gross profit for the year ended December 31, 2022 was \$1,413,229, an increase of 149% compared to \$568,441 for the year ended December 31, 2021 due largely to increased license and royalty income.
- Total operating expenses for the year ended December 31, 2022 were \$4,777,038, a decrease of 12% compared to \$5,451,998 for the year ended December 31, 2021. The decrease is due mainly to lower short-term and long-term incentive expense as well as lower contract research expenditures related to the Company's DispersinB<sup>®</sup> Hydrogel program in the current period.
- Loss for the year ended December 31, 2022 was (\$3,824,000) a decrease of 21%

compared to (\$4,849,912) for the year ended December 31, 2021.

## **2022 and 2023 YTD Corporate Highlights:**

### **Wound Care and Surgical**

- Kane announced that it had signed a distribution agreement with ProgenaCare Global LLC (“ProgenaCare”) for its coactiv+™ Antimicrobial Wound Gel in the United States wound care market. ProgenaCare will have exclusive distribution rights in the United States wound care market for Kane’s coactiv+™ Antimicrobial Wound Gel. Kane will receive a \$500,000 USD upfront payment from ProgenaCare once it obtains 510(k) clearance from the U.S. Food and Drug Administration (FDA).
- The Company announced that it had signed its first distribution agreement for its coactiv+™ Antimicrobial Hydrogel wound care product with Salud Pharma S.A. (“Salud Pharma”) for distribution in the countries of Columbia, Panama and Costa Rica.
- Kane announced that it had submitted a 510(k) premarket notification, which has been received by The Center for Devices and Radiological Health (CDRH) of the U.S. Food and Drug Administration, for a new Wound Care coactiv+™ Antimicrobial Hydrogel which uses patented coactiv+™ technology in a thermo-reversible gelling system.
- The Company announced that it had received \$425,000 USD in additional funding for its DispersinB® Hydrogel from the United States Department of Defense. This additional funding supplements the approximately \$2.7 million USD in non-dilutive funding previously awarded for the continued clinical development of Kane’s DispersinB® Hydrogel to treat biofilm-mediated antimicrobial resistance in non-healing chronic wounds.
- Kane announced it had successfully completed safety and biocompatibility studies for its DispersinB® Hydrogel product in preparation for human clinical trials. All product required for clinical trials has been manufactured, tested, and packaged by Dow Development Laboratories, LLC in preparation for human clinical trials set to begin in 2023.
- The Company announced that it had obtained ISO 13485:2016 certification for its quality management system specific to its ongoing efforts to design and develop novel medical devices for the wound care market.
- Kane announced that Dr. Gregory Schultz, a world-renowned expert on biofilms, was appointed Chief Scientific Officer. Dr. Gordon Guay, Kane’s outgoing Chief Scientific Officer, will still provide expertise as the Chairman of Kane’s Scientific Advisory Board and Scientific Advisor to the CEO.

### **Animal Health**

- Kane announced that it had signed a licensing agreement with Skout’s Honor Pet Supply Company (“Skout’s Honor”) for its patented coactiv+™ technology in pet oral care applications. Skout’s Honor has been granted a ten-year license for the non-exclusive use of Kane’s coactiv+™ technology under its own brand in North America while STEM Animal Health (“STEM”), a subsidiary of Kane and joint venture formed with Animalcare Group PLC, will continue to commercialize its bluestem™ line of pet oral care products in the same territory. STEM will receive a licensing fee from Skout’s Honor to be paid over the course of the agreement as well as an ongoing royalty on all Skout’s Honor’s sales of products that use the coactiv+™ technology.

- The Company announced that STEM was awarded the prestigious VOHC Seal of Acceptance in the Helps Control Tartar category for its pet oral care water additive. STEM's pet oral care products are scientifically formulated with Kane's patented coactiv+™ technology to safely break down plaque and tartar biofilm. VOHC acceptance triggered approximately \$1.3 million in milestone payments and minimum annual royalties from STEM's licensing partners.

## Dermatology

- Kane Biotech announced that it had signed its first distribution agreement for its DermaKB™ scalp care product line with Salud Pharma for distribution in the countries of Columbia, Panama and Costa Rica.
- The Company's DermaKB™ scalp care products gained significant traction with the launch of their starter kits that include the full DermaKB™ product line, while the Company expanded the retail sale of products on Amazon.ca and Amazon.com.

## Financing

- The Company announced that its private placement of up to 10,000,000 common shares at a price of \$0.10 per Share for aggregate gross proceeds of up to \$1,000,000 was fully subscribed.
- The Company announced that it had twice further amended its credit agreement with Pivot Financial extending ultimately extending the maturity date to August 31, 2023 and increasing the credit facility to \$5 million with approximately \$2.8 million of new capital having been provided.
- The Company announced that it had received \$425,000 USD in additional funding for its DispersinB® Hydrogel from the United States Department of Defense. This additional funding supplements the approximately \$2.7 million USD in non-dilutive funding previously awarded for the continued clinical development of Kane's DispersinB® Hydrogel to treat biofilm-mediated antimicrobial resistance in non-healing chronic wounds.

"This has been a transformational year for Kane" said Marc Edwards, CEO, "and we are positioned for growth in 2023 with new partnerships. We have increased revenues over 2021, decreased costs and advanced our clinical positions. We submitted coactiv+™ Antimicrobial Hydrogel as a FDA 510(k), and believe it can be a potential best-in-class treatment option for millions of patients suffering from chronic wounds and burns."

"Additionally, we received VOHC acceptance for the pet oral care water additive, which validates Kane's anti-biofilm technology and providing milestone payments and royalties. STEM will support sales of Dechra's premium veterinary oral care product range as well as Animalcare's veterinary oral care product range in Europe."

Dr. Gregory Schultz, CSO noted "I am excited to have joined Kane. We are preparing for two upcoming clinical trials this year with DispersinB®: one in acne and the other using a new wound gel with the US Department of Defence. Both trials have the potential to positively impact patients"

Detailed financial information about Kane Biotech can be found in its December 31, 2022 Financial Statements and Management Discussion and Analysis on SEDAR and the

Company's website.

## Conference Call

Kane Biotech is pleased to invite all interested parties to participate in a conference call on Thursday, April 20 at 4:30pm ET to review the financial results and discuss business developments in the period.

Participants must register for the call using this link: [Pre-registration to Q4](#) to receive the dial-in numbers and unique PIN to access the call seamlessly. It is recommended that you join 10 minutes before the event, though you may pre-register at any time. A webcast of the call will be available on the Company's website at [kanebiotech.com](#) under "News/Events" in the Investors section of the Kane Biotech website at [ir.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 (80 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®<sup>®</sup>, Aledex™, bluestem™, bluestem®<sup>®</sup>, silkstem™, goldstem™, coactiv+™, coactiv+®<sup>®</sup>, 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](http://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,		Twelve months ended December 31,	
	2022	2021	2022	2021
<b>Total Revenue</b>	<b>\$ 691,654</b>	<b>\$ 411,693</b>	<b>\$ 2,668,352</b>	<b>\$ 1,607,775</b>
<b>Gross Profit</b>	<b>320,653</b>	<b>187,315</b>	<b>1,413,229</b>	<b>568,441</b>
<b>Operating expenses</b>				
General and administration	<b>682,096</b>	950,726	<b>3,723,046</b>	4,074,748
Research	<b>192,202</b>	539,959	<b>1,053,992</b>	1,377,250
<b>Total operating expenses</b>	<b>874,298</b>	1,490,685	<b>4,777,038</b>	5,451,998
<b>Loss from operations</b>	<b>\$ (553,645)</b>	<b>\$ (1,303,370)</b>	<b>\$ (3,363,809)</b>	<b>\$ (4,883,557)</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (838,150)</b>	<b>\$ (1,257,172)</b>	<b>\$ (3,824,000)</b>	<b>\$ (4,849,912)</b>
<b>Loss and comprehensive loss for the period attributable to shareholders</b>	<b>\$ (869,890)</b>	<b>\$ (1,268,817)</b>	<b>\$ (3,889,892)</b>	<b>\$ (4,604,566)</b>
<b>Basic and diluted loss per share for the period</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.04)</b>
<b>Weighted average shares outstanding - basic and diluted</b>	<b>124,830,202</b>	114,813,535	<b>120,702,074</b>	112,600,420
<b>Statement of Financial Position</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>		
<b>Cash and cash equivalents</b>	<b>\$ 1,104,901</b>	<b>\$ 1,153,090</b>		
<b>Other current assets</b>	<b>1,991,844</b>	<b>1,727,320</b>		
<b>Non-current assets</b>	<b>2,523,090</b>	<b>3,253,883</b>		
<b>Total Assets</b>	<b>\$ 5,619,835</b>	<b>\$ 6,134,293</b>		
<b>Current liabilities</b>	<b>\$ 6,341,562</b>	<b>\$ 4,721,009</b>		
<b>Non-current liabilities</b>	<b>3,415,984</b>	<b>2,980,298</b>		
<b>Shareholders' deficit</b>	<b>(4,137,711)</b>	<b>(1,567,014)</b>		
<b>Total liabilities and shareholders' equity</b>	<b>\$ 5,619,835</b>	<b>\$ 6,134,293</b>		



Source: Kane Biotech Inc.