

August 29, 2024



# Kane Biotech Announces Second Quarter 2024 Financial Results

## Company Realizes \$10.4M Gain on the Sale of STEM

WINNIPEG, Manitoba, Aug. 29, 2024 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX-V:KNE; OTCQB:KNBIF) ("Kane Biotech", "Kane" or the "Company") today announces its second quarter 2024 financial results.

The second quarter 2024 financial results reflect the closing of the sale of STEM which took place on April 12, 2024. The Company recorded a gain of \$10,359,882 on this transaction which is offset by income tax loss carry forwards for income tax purposes.

### Second Quarter 2024 Financial Highlights (Including Discontinued STEM Operations):

- License and royalty income for the three months ended June 30, 2024 was \$299,992, an increase of 74% compared to \$172,877 in the three months ended June 30, 2023. The increase is due mainly to the Company recognizing as license revenue the outstanding balance in contract liabilities related to the exclusive license and distribution agreement with Dechra Veterinary Products LLC ("Dechra"). There are no further obligations to Dechra under this agreement upon the sale of STEM.
- Product and services revenue for the three months ended June 30, 2024 was \$510,360, an increase of 5% compared to \$484,433 in the three months ended June 30, 2023. The increase is due mainly to incremental contract manufacturing revenue from Dechra subsequent to the sale of STEM offset by the discontinuance of animal health product sales upon the sale of STEM.
- Total revenue for the three months ended June 30, 2024 was \$810,352, an increase of 23% compared to \$657,310 in the three months ended June 30, 2023.
- Gross profit for the second quarter of 2024 was \$464,453, an increase of 41% compared to \$330,505 for the second quarter of 2023.
- Total operating expenses for the three months ended June 30, 2024 were \$1,520,344, an increase of 76% compared to \$866,229 for the three months ended June 30, 2023. The increase, which is one-time and mostly non-cash, is primarily due to the combined effect totaling approximately \$700,000 of an adjustment to accrued salaries and short-term compensation expense in the comparative period and expenditures related to the manufacturing scale up of the Company's revyve™ Antimicrobial Wound Gel in the current period.
- Net income for the second quarter of 2024 was \$9,201,830 compared to a net loss of (\$967,905) for the quarter ended June 30, 2023. Net income in the current quarter reflects the gain on the sale of STEM.

Detailed financial information about Kane Biotech can be found in its June 30, 2024

Financial Statements and Management Discussion and Analysis on SEDAR and the Company's website.

"In the second quarter we completed the sale of STEM and paid off all of our interest-bearing debt which has significantly strengthened our balance sheet," said Marc Edwards, President & CEO. "We also signed two new distribution agreements, received our MDSAP Quality Certification, were advised from the USD FDA that its usage limitation on our revyve™ Antimicrobial Wound Gel product has been removed and received new funding from NRC IRAP for three of Kane's other products in development. All in all, it was a very productive quarter."

### **Recent Corporate Developments:**

- On August 28, 2024, the Company announced that it had signed a three-year distribution agreement with Qatar Datamation Systems for its revyve™ Antimicrobial Wound Gel in the Qatar wound care market.
- On August 22, 2024, Kane Biotech announced that it had signed a three-year distribution agreement with Razan Medical & Surgical Equipment Trading LLC for its revyve™ Antimicrobial Wound Gel in the United Arab Emirates (UAE) wound care market.
- On August 13, 2024, Kane Biotech announced that it is receiving advisory services and up to \$200,000 in research and development funding from the National Research Council of Canada Industrial Research Assistance Program (NRC IRAP). The funding will be received over a period of 20 months and will support the development of three additional products to build on Kane Biotech's revyve™ Antimicrobial Wound Gel technology. The Company expects to be able to leverage its newly expanded FDA 510(k) clearance for its revyve™ Antimicrobial Wound Gel.
- On July 23, 2024, Kane Biotech announced that the US FDA had eliminated its usage limitation on the Company's 510(k) cleared revyve™ Antimicrobial Wound Gel. Prior to the removal of this restriction, there was a 90 grams/month limit to the amount of revyve™ product that could be administered to patients. This now clears the way for the introduction and extended use of Kane's revyve™ Antimicrobial Wound Gel Spray which is expected to be filled in spray cans in a higher quantity making it ideal for application on large wounds.
- On July 17, 2024, Kane Biotech announced that it has received ISO 13485:2016 Medical Device Single Audit Program ("MDSAP") Quality Certification as a designer, developer and manufacturer of medical devices. These standards require the existence of a comprehensive quality management system with a focus on areas directly impacting patient safety, product performance and reliability. Obtaining the ISO 13485:2016 MDSAP certification allows Kane to apply for regulatory approval of its revyve™ Antimicrobial Wound Gel in Canada, Australia, New Zealand and Brazil. MDSAP is an enhancement of Kane's previous quality certification which enabled Kane to receive US Food and Drug Administration 510(k) clearance for revyve™.
- On July 11, 2024, Kane Biotech announced that it has signed a worldwide license agreement with Arizona-based Omni Bioceutical Innovations Inc. for its coactiv+™ line of scalp care products. The five-year non-exclusive agreement will see Omni commercialize Kane's scalp detoxifier product under the Omni Bioceuticals brand in the medical aesthetics market
- On June 27, 2024, Kane announced that it had made its first commercial-scale sale of

revyve™ Antimicrobial Wound Gel product to ProgenaCare and that it had now completely fulfilled its obligation related to the \$500,000 USD initial manufacturing scale up fee received upon signing an exclusive distribution agreement for the US wound care market in May 2023, after receiving US FDA 510(k) clearance for revyve™ Antimicrobial Wound Gel.

- On June 25, 2024, the Company announced that it had entered into a worldwide license agreement with I-MED Pharma Inc. for the DispersinB® technology. The DispersinB® enzyme will be used to enhance I-MED's line of eye care products. The license agreement covers a period of five years and includes minimum annual royalties, which will start in 2025.
- On May 15, 2024, Kane Biotech announced its intent to commercialize the patented assay which is to be named the Schultz Biofilm Wound Map in honour of the late Dr. Greg Schultz, former Professor Emeritus at the University of Florida and Chief Science Officer of Kane. The Schultz Biofilm Wound Map is the first and only in vitro detection kit for biofilms in the wound bed, which shows their relative location taken from an imprint of the wound bed. Dr Schultz was the first inventor of a patented biofilm wound map for assessing and mapping microbes and microbial biofilms in wounds.
- On April 15, 2024, Kane Biotech announced that it had completed the sale of its interest in STEM to Dechra. The Transaction was completed by way of a share purchase agreement between Kane, STEM, Eucuphar NV and Dechra dated April 12, 2024. In accordance with the policies of the TSX Venture Exchange, the Transaction required the consent of shareholders of Kane holding over 50% of the common shares of Kane due to the fact that the Transaction constituted a sale of more than 50% of Kane's assets, business or undertaking. In connection with the completion of the Transaction, Kane obtained the written consent of shareholders of Kane holding more than 50% of the common shares of Kane.

## Conference Call

- Kane Biotech is pleased to invite all interested parties to participate in a conference call on Thursday, August 29, 2024 at 4:30pm ET to review the financial results and discuss business developments in the period.
- Participants can access the live webcast link as follows: [Conference call with Q&A](#) or [conference call listen only mode](#). A webcast of the call will be available on the Company's website at [kanebiotech.com](http://kanebiotech.com) under "News/Events" in the Investors section of the Kane Biotech website at [ir.kanebiotech.com](http://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 (68 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. DispersinB®, Aledex™, coactiv+™, coactiv+®, DermaKB™, DermaKB Biofilm™, and revyve™ 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**

Consolidated Statements of Comprehensive Income (Loss)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Total revenue, continuing operations	\$ 620,437	\$ 28,918	\$ 672,323	\$ 64,819
Gross profit, continuing operations	360,496	23,526	400,547	51,679
Operating expenses, continuing operations				
General and administration	978,477	218,579	1,765,328	823,217
Research	484,920	55,917	926,222	356,202
Total operating expenses, continuing operations	1,463,397	274,496	2,691,550	1,179,419
Loss prior to other expenses, continuing operations	(1,102,901)	(250,970)	(2,291,003)	(1,127,740)
Net other expenses, continuing operations	113,095	430,887	418,779	668,081
Loss and comprehensive loss for the period, continuing operations	\$ (1,215,996)	\$ (681,857)	\$ (2,709,782)	\$ (1,795,821)
Income (loss) and comprehensive income (loss) from discontinued operations	\$ 10,417,826	\$ (286,048)	\$ 10,564,787	\$ (416,768)
Net income (loss) and comprehensive income (loss)	\$ 9,201,830	\$ (967,905)	\$ 7,855,005	\$ (2,212,589)

<b>Net income (loss) and comprehensive income (loss) attributable to shareholders</b>	<b>\$ 9,182,511</b>	<b>\$ (872,537)</b>	<b>\$ 7,786,690</b>	<b>\$ (2,073,639)</b>
<b>Basic income (loss) per share for the period</b>	<b>\$ 0.07</b>	<b>\$ (0.01)</b>	<b>\$ 0.06</b>	<b>\$ (0.02)</b>
<b>Weighted average shares outstanding - basic and diluted</b>	<b>132,357,644</b>	<b>124,933,141</b>	<b>132,101,105</b>	<b>124,881,956</b>

<b>Consolidated Statements of Financial Position</b>	<b>June 30, 2024</b>	<b>December 31 2023</b>
<b>Cash and cash equivalents</b>	<b>\$ 1,009,928</b>	<b>\$ 749,248</b>
<b>Other current assets</b>	<b>1,333,029</b>	<b>502,164</b>
<b>Assets held-for-sale - current</b>	<b>-</b>	<b>2,471,694</b>
<b>Non-current assets</b>	<b>1,730,881</b>	<b>1,799,008</b>
<b>Assets held-for-sale - non-current</b>	<b>-</b>	<b>158,805</b>
<b>Total assets</b>	<b>\$ 4,073,838</b>	<b>\$ 5,680,919</b>
<b>Current liabilities</b>	<b>\$ 2,844,398</b>	<b>\$ 10,273,267</b>
<b>Liabilities held-for-sale - current</b>	<b>-</b>	<b>621,133</b>
<b>Non-current liabilities</b>	<b>1,951,139</b>	<b>2,366,593</b>
<b>Liabilities held-for-sale - non-current</b>	<b>-</b>	<b>829,318</b>
<b>Shareholders' deficit</b>	<b>(721,699)</b>	<b>(8,409,392)</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 4,073,838</b>	<b>\$ 5,680,919</b>



Source: Kane Biotech Inc.