Management Discussion and Analysis
(Expressed in Canadian Dollars)

KANE BIOTECH INC.

Three months ended March 31, 2024 and 2023

KANE BIOTECH INC.

Management Discussion and Analysis

The following management discussion and analysis ("MD&A") covers information up to May 22, 2024 and should be read in conjunction with the consolidated financial statements for the three months ended March 31, 2024 and 2023. Except as otherwise noted, the financial information contained in this MD&A and in the consolidated financial statements has been prepared in accordance with International Financial Reporting Standards (IFRSs). All amounts are expressed in Canadian Dollars unless otherwise noted. Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.kanebiotech.com.

This MD&A has been prepared to help investors understand the financial performance of the Company in the broader context of the Company's strategic direction, the risks and opportunities as understood by management, and the key success factors that are relevant to the Company's performance. Management has prepared this document in conjunction with its broader responsibilities for the accuracy and reliability of the consolidated financial statements, as well as the development and maintenance of appropriate information systems and internal controls to ensure that the financial information is complete and reliable. The Audit Committee and the Board of Directors have reviewed this document and all other publicly reported financial information for integrity, usefulness, reliability, and consistency.

FORWARD-LOOKING STATEMENTS

This Management's Discussion and Analysis contains certain forward-looking information and statements within the meaning of securities law which may not be based on historical fact, including without limitation statements containing the words "believes,", "should", "may," "plan," "will," "estimate," "predict," "continue," "anticipates," "potential", "intends," "expects," or other similar expressions. Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events, or developments to be materially different from any future results, events or developments expressed or implied by such forward looking statements. Such factors include, among others, the Company's stage of development, lack of product revenues, additional capital requirements, risks associated with the completion of clinical trials and obtaining regulatory approval to market the Company's products, the ability to protect its intellectual property and dependence upon collaborative partners. These factors should be considered carefully, and readers are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made as of the date hereof, and the Company disclaims any obligation to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events, or developments.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- interest rates and foreign exchange rates;
- the timing of the receipt of regulatory and governmental approvals for the Company's research and development projects;
- the availability of financing for the Company's research and development projects, or the availability of financing on reasonable terms;
- the Company's costs of trials;
- the Company's ability to attract and retain skilled staff;
- market competition;
- tax benefits and tax rates;
- the Company's ongoing relations with its employees and with its business partners.

Management cautions you, the reader, that the foregoing list of important factors and assumptions is not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise.

BUSINESS OVERVIEW

Kane Biotech Inc. ("Kane Biotech", "Kane" or the "Company") is a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms. Biofilms are thin, slimy films that develop when bacteria and other microorganisms form a protective matrix that acts as a shield against attack. Biofilms attach to and grow on living and inert surfaces. When protected by a biofilm, bacteria become highly resistant to antibiotics, antimicrobials,

biocides and host immune responses. This resiliency contributes to numerous human health related problems. According to the United States National Institute of Health, biofilms are estimated to be responsible for 80% of all bacterial infections including tooth decay, wound infections, chronic inflammatory skin disorders and wounds, recurrent urinary tract infections, medical device-associated and hospital acquired infections (HAIs), and foodborne bacterial outbreaks. Biofilms cost society billions of dollars each year. As such, there is significant interest, and therefore significant opportunity, in safe and effective products that can combat the biofilm problem. Kane Biotech's mission is to capitalize on this large, addressable market by licensing its proprietary anti-biofilm technologies to global industry players.

Kane Biotech has a portfolio of biotechnologies, intellectual property (patents, patents pending and trademarks) and products developed by the Company's own biofilm research expertise and acquired from leading research institutions. StrixNB™, DispersinB®, Aledex™, 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".

Key Highlights of Kane Biotech include the following:

- A specialized focus on the development and continual improvement of anti-biofilm technologies, targeting large markets for biofilm prevention and dispersion solutions
- Robust patent portfolio of differentiated anti-biofilm technologies with 67 patents issued or pending
- In Q2, 2024, the Company repaid its loan from Pivot Financial I Limited Partnership ("Pivot") in the amount of $6.7 million
- In Q2, 2024, the Company sold its 67% interest in STEM Animal Health Inc. ("STEM") to Dechra Veterinary Products, Inc. ("Dechra") for $8,000,000 USD, plus net cash held in STEM (estimated at $600,000 CND) and a working capital adjustment (estimated at $350,000 CND). Overall, it is anticipated that the sale of STEM will net Kane an estimated $11,500,000 CND.
- In Q1, 2024, the Company appointed Dr. Robert Huizinga Executive Chair of the Company
- In 2023, Kane signed its first distribution agreement for its revyve™ Antimicrobial Wound Gel wound care and DermaKB™ line of scalp care products with Salud Pharma S.A./Innovacure ("Salud Pharma") for launch of the product in the countries of Colombia, Panama, and Costa Rica
- In 2023, STEM signed a license and distribution agreement with Skout's Honor Pet Supply Company ("Skout's Honor") for a ten-year, non-exclusive use of the Company's coactiv+ technology in North American pet specialty markets
- In 2023, the Company signed an agreement with ProgenaCare Global LLC ("ProgenaCare") for the exclusive distribution rights of the Company's revyve™ Antimicrobial Wound Gel in the United States wound care market
- In 2023, Kane received 510(k) clearance of its revyve™ Antimicrobial Wound Gel (previously branded as coactiv+™) from the U.S. Food and Drug Administration ("FDA") for the management of ulcers (including diabetic foot and leg ulcers and pressure ulcers), 1st and 2nd degree burns, partial & full thickness wounds, large surface area wounds and surgical incisions for adult populations.
- In 2022, Kane obtained its 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
- In 2022, STEM achieved a key milestone by obtaining the internationally recognized Veterinarian Oral Health Council ("VOHC") efficacy certification which activated approximately $1.3 million in milestone payments and minimum royalties pursuant to its Licensing and Royalty agreements
- Since 2020, Kane has received approximately $2.2 million USD of the $3.077 million USD granted from the U.S. Department of Defense's ("DoD") Medical Technology Enterprise Consortium Research Project Award ("MTEC Award") for continued clinical development of the Company's DispersinB® Hydrogel to treat biofilm-mediated antimicrobial resistance in non-healing chronic wounds.

- In 2020, an agreement with UK-based veterinary products company, Animalcare Group PLC ("Animalcare") was signed under which the parties formed STEM, a company dedicated to treating biofilm-related ailments in animals
    - Animalcare was to invest $5 million in STEM consisting of $3 million to acquire a one-third equity stake in STEM and $2 million for the rights to commercialize products in global veterinary markets outside of the Americas

- In 2019, the Company was awarded $3.8 million ($2.5 million utilized) in non-dilutive funding for its DispersinB® Hydrogel product development and commercialization project from Prairies Economic Development Canada ("PrairiesCan") in the form of interest-free repayable contributions to be repaid over five years, starting in April 2023

- In 2017, Kane signed its first commercial licensing and distribution agreement, establishing a 10-year partnership with Dechra wherein Kane Biotech received an ongoing royalty from Dechra on net sales of the Company's Vetradent™ products in North America
    - In 2019, the Dechra licensing and distribution agreement was extended to include South America

BUSINESS UPDATE AND STRATEGY

Kane Biotech is focused on licensing and co-commercializing its biofilm-related intellectual property with strategic partners that have established large-scale market access. Historically, Kane's two primary markets for its technologies have been Animal Health and Human Health.

In 2023, the Company conducted a strategic review for the purpose of maximizing shareholder value of STEM. This resulted in Kane receiving an offer at the end of 2023 for its two-thirds equity in STEM.

In April, 2024, the Company completed the sale of its interest in STEM to Dechra for $8,000,000 USD plus net cash held in STEM (estimated at $600,000 CND) and working capital adjustment (estimated at $350,000 CND). Overall, it is anticipated that the sale of STEM will net Kane Biotech in excess of $11,500,000 CND. In connection with the completion of the transaction, a portion of the net proceeds was used to repay its loan from Pivot in full. In connection with this transaction, Kane also entered into a product development agreement, and a transitional manufacturing agreement with STEM. Kane is also eligible for a $750,000 USD sales-based milestone payment if certain sales targets are met by STEM. This transaction should ultimately net Kane more than $13,000,000 CND.

The sale of STEM allows the Company to focus on becoming a market leader in the growing high-value wound care and dermatological markets while at the same time allowing the Company to significantly improve its balance sheet.

On April 12, 2024, staff and associates of Kane were shocked and saddened to be informed of the sudden passing of its Chief Scientific Officer, Dr. Greg Schultz. Dr. Schultz was a world-renowned expert on wound care and biofilms. Dr. Schultz joined Kane in 2022 and in his short time with the Company, helped establish Kane Biotech as "THE Biofilm Company". He helped lead the way in advancing the development and commercialization of Kane's coactiv+™ and DispersinB® technologies as part of his ongoing search for the solution to the biofilm problem in healthcare. Dr. Schultz was instrumental in the development of Kane's revyve™ Antimicrobial Wound Gel for the treatment of chronic, non-healing wounds. His work has also laid the foundation for future solutions to biofilms in wounds and his contributions will be realized for decades to come.

Kane's ongoing strategy continues to be: (1) finalizing the product development of its DispersinB® Hydrogel for the human wound care market, (2) pursuing the optimal regulatory and commercialization path for this technology including joint ventures, and (3) continue development of a product line for the human wound market based on its proprietary coactiv+™ Antimicrobial Wound Gel platform. As previously announced, the funding from PrairiesCan and the DoD has been critical to progressing the company's wound care product initiatives using the DispersinB® technology platform for which we are looking forward to moving into the commercialization phase.

Kane Biotech is focused on the continued product development of DispersinB® for hydrogel applications in chronic wound care. The Company believes that its DispersinB® hydrogel applications will enhance current wound care treatments by improving the efficacy of antimicrobial and antibiotic wound treatments.

In prior years Kane has received the U.S. Department of Defense's ("DoD") Medical Technology Enterprise Consortium Research Project Award ("MTEC Award"), with initial funding of approximately $2.7 million USD for the continued clinical development of the Company's DispersinB® Hydrogel to treat biofilm-mediated antimicrobial resistance in non-healing chronic wounds. In 2022, the Company received a follow-on award of $425,000 USD. These are significant awards for Kane Biotech, both for the value and

validation of the Company's wound care technology. Kane Biotech believes this award underscores the importance of eliminating biofilms to address non-healing, chronic wounds.

The Company is collaborating with external consultants to pursue the optimal regulatory path for this technology that will mitigate the risk for future partners and increase the value of a licensing agreement. Although the Company had previously planned to seek regulatory approval for its DispersinB® Hydrogel as a medical device under the 510(k) pathway, the Company is currently reviewing other strategies including a PMA approach based on market analysis provided by its consultants as well as preliminary feedback received from the FDA. The Company is now evaluating a number of pathways in order to determine an appropriate regulatory route that will ultimately be more beneficial by allowing for expanded claims and indications and a more appropriate price point. Kane is also conducting this review to better leverage the remaining DoD non-dilutive funding that is available for this program.

The Company maintains its 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. ISO certification demonstrates Kane's compliance, and customers can be assured that the medical devices it is designing and developing are fit for their intended purpose. We maintain our quality management system and independent audits to verify conformance to the standards. It represents another step for Kane on the path towards commercialization of its wound care portfolio. ISO 13485:2016 is recognized worldwide as a major standard in quality assurance systems for medical device manufacturers and will help Kane Biotech as they look to expand their footprint globally.

In 2023, the Company received 510(k) clearance of its revyve™ Antimicrobial Wound Gel (previously branded as coactiv+™) from the FDA for the management of ulcers (including diabetic foot and leg ulcers and pressure ulcers), 1st and 2nd degree burns, partial & full thickness wounds, large surface area wounds and surgical incisions for adult populations. The Company's device, which uses its patented coactiv+™ technology in a thermal reversible gelling system, provides ease of use and is optimized for sensitive wounds. The Company aims to make the wound gel accessible to patients, taking into consideration current reimbursement levels under the surgical dressing policy in the U.S.

In 2023, the Company has signed its first distribution agreement for its revyve™ Antimicrobial Wound Gel wound care product with Salud Pharma for the launch of the product in the countries of Colombia, Panama, and Costa Rica and has signed an agreement with ProgenaCare for the exclusive distribution rights of the Company's revyve™ Antimicrobial Wound Gel in the United States wound care market. These are defining milestones for the Company as it prepares to bring this highly effective and differentiated product to market.

Other products in investigational or development stages include the following:

- coactiv+™ Antimicrobial Surgical Hydrogel for use in surgical/acute wounds
- coactiv+™ Antimicrobial Wound Rinse for use in acute and chronic wounds
- coactiv+™ Antimicrobial Wound Gel Spray for use in acute, chronic wounds and first and second degree burns
- DispersinB® Hydrogel for Prosthetic Joint Infection

In May 2024, the Company announced its intent to commercialize a patented assay being licensed from the University of Florida 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.

Kane has secured a distribution agreement with Salud Pharma for the exclusive right to sell its DermaKB™ line of products in Colombia, Panama and Costa Rica. The DermaKB™ line includes a shampoo, shampoo bar and scalp detoxifier. These products launched in 2020 as the first products in Kane's skin care line. The Company continues to focus on opening new channels of distribution and securing licensing opportunities in 2024 and beyond.

Other products in the Dermatology pipeline include a hair conditioner to work in conjunction with the DermaKB™ products and a wound gel for minor cuts, scrapes and burns.

Targeted Kane Biotech milestones and objectives for the remainder of 2024 include the following:

- Close the sale of STEM allowing the Company to strengthen its balance sheet and focus on human health
- Support foreign commercialization partners in obtaining regulatory approval of revyve™ Antimicrobial Wound Gel in their

respective jurisdictions
- Support ProgenaCare in commercializing Kane's revyve™ Antimicrobial Wound Gel in the United States wound care market
- Support the Company's commercial manufacturer of its revyve™ Antimicrobial Wound Gel during the technology transfer and scale-up manufacturing processes
- Continue the development of coactiv+™ pipeline of products including, coactiv+™ Antimicrobial Surgical Hydrogel, coactiv+™ Antimicrobial Wound Rinse and coactiv+™ Antimicrobial Wound Gel Spray
- Launch the coactiv+TM Antimicrobial Wound Gel Spray in the US
- Confirm regulatory path and manufacturing scale-up process and secure commercial partner for the coactiv+™ Antimicrobial Surgical Hydrogel product
- Finalize the regulatory path and commence its DispersinB® Hydrogel wound care clinical trial which is funded by the US Department of Defence
- Secure a distribution partner for its DermaKB™ line of products in the salon and medical aesthetics markets
- Identify commercialization/licensing partner(s) for the DermaKB™ brand and products under development in the Kane Dermatology pipeline, which include a wound gel for minor cuts, scrapes and burns, as well as a hair conditioner to be used in conjunction with the DermaKB™ line of products
- Commence its acne proof of concept clinical trial
- Obtain the Medical Device Single Audit Program (MDSAP) quality standard
- Continue to protect Kane Biotech's intellectual property and expand patent coverage
- Execute with cost-control and continue to optimize operating expenses

The Kane Biotech team is looking forward to fully executing the many exciting initiatives that are underway. The Company will continue to focus on product development, international market expansion and cost-effective execution. The entire team is dedicated to achieving the above-mentioned milestones and to building a foundation for long-term, sustainable growth.

KANE BIOTECH TECHNOLOGIES

coactiv+™

Kane Biotech's patented coactiv+™ technology is specifically formulated to destabilize biofilm and create an environment for fast wound healing. coactiv+™ is a biofilm destabilizing formula with continuous activity. The key ingredients are recognized as safe by the FDA and have been purposefully selected to provide support throughout the entire wound healing cascade.

In Wound Care & Surgical applications, in addition to the launch of its recently rebranded revyve™ Antimicrobial Wound Gel (formerly coactiv+™ Antimicrobial Wound Gel), the Company is developing follow-on products with three applications:

- coactiv+™ Antimicrobial Surgical Hydrogel: A sterile product for surgical/acute wounds and provided in a single use container for application in the hospital setting. The product can be applied to all types of surgical wounds and can be used prophylactically on post-surgical incisions as well. Although the initial target for this application are hospitals, ASC (ambulatory surgery centers), physician offices and HOPD settings are also potential markets.

- coactiv+™ Antimicrobial Wound Gel Spray: A spray version of the revyve™ Antimicrobial Wound Gel provides ease of use and is optimized for sensitive wounds like first-second degree burns, venous leg ulcers (VLU), and large surface area wounds, but also works effectively on diabetic foot ulcers (DFU), pressure ulcers, partial and full thickness wounds and surgical incisions. This device incorporates the patented coactiv+™ technology and its thermo-reversible gelling system.

- coactiv+™ Antimicrobial Wound Rinse: Intended for mechanical cleansing and removal of debris and foreign material from diabetic foot ulcers (DFU), venous leg ulcers (VLU), pressure ulcers (PU), first-second degree burns, skin grafts, and donor sites. Sales targets will be hospitals, ASC, (ambulatory surgery centers), physician offices and HOPD settings.

The key ingredients of the coactiv+™ technology are Generally Recognized As Safe (GRAS) under sections 201(s) and 409 of the Federal Food, Drug, and Cosmetic Act and have been purposefully selected to provide support throughout the entire wound healing cascade.

The major advantages of the above-mentioned coactiv+™ Antimicrobial Wound Gel products are as follows:

- Continuous bactericidal, biofilm destabilizing, and inhibition activity
- Buffering agent to lower and maintain favorable pH conducive for wound healing
- Helps reduce metalloprotease and elastase activity in chronic wounds
- Biocompatible and non-toxic
- Prophylactic treatment for acute wounds at risk for infection, such as surgical incisions, pin and catheter sites and burns
- Patent protected

In the Dermatology Division, Kane has secured its first exclusive distribution agreement (in combination with its newly rebranded revyve™ Antimicrobial Wound Gel) with Salud Pharma to sell DermaKB™ products in the territories of Columbia, Panama and Costa Rica. As Kane continues to maintain online sales of its DermaKB™ line of scalp care products, the Company is working to secure commercialization/licensing opportunities for the product line in both the salon and medical aesthetics markets. Kane will also look to extend the DermaKB™ lineup with a hair conditioner to be used in conjunction with the existing products. With a growing interest from potential licensing partners, Kane Dermatology is looking to expand the development of its coactiv+™ technology-based products in the remainder of 2024.

DispersinB®

Kane Biotech's other biofilm disruption technology is DispersinB®.

DispersinB® is a naturally occurring enzyme that cleaves the bacterial surface polysaccharide poly-b-1, 6-N-acetylglucosamine (PNAG). This polysaccharide is produced by a wide range of bacteria and fungi and is a key component in biofilm formation. DispersinB® cleaves PNAG, inhibiting bacterial adhesion and disperses the biofilm. This is especially useful for treating wounds, which can become chronic due to the persistent nature of the bacterial biofilms. Once the biofilm is dispersed the bacteria can be eradicated and the infection can be remedied.

In 2023, the Company 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. In 2024, efforts will continue to be focused on the development of a human wound care hydrogel containing DispersinB®. Kane will commence its DispersinB® wound care clinical trial which is funded by the US Department of Defence. The Company is also focused on securing commercialization partners and pursuing the optimal regulatory/reimbursement path that will ultimately lead to the commercialization of this technology. In addition, Kane is looking to test DispersinB® Wound Gel as a skin cleanser in an acne clinical trial with the University of Miami in the second half of 2024.

INTELLECTUAL PROPERTY

The Company's current intellectual property is summarized below:

Patent #	Title	Jurisdiction
2903266	Compositions and Methods for Treatment and Prevention of Wound Infections	Canada
9980497	Compositions and Methods for Treatment and Prevention of Wound Infections	United States
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Europe
6401720	Compositions and Methods for Treatment and Prevention of Wound Infections	Japan
10357470	Compositions and Methods for Treatment and Prevention of Wound Infections	United States
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Austria
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Belgium
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Denmark
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Finland
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	France
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Germany
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Italy
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Netherlands
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Norway
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Poland
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Romania
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Spain
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Sweden

2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	Switzerland
2964235	Compositions and Methods for Treatment and Prevention of Wound Infections	United Kingdom
11103433	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	United States
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Europe
11723852	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	United States
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Austria
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Belgium
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Denmark
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Finland
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	France
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Germany
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Italy
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Netherlands
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Norway
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Poland
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Romania
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Spain
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Sweden
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	Switzerland
3160234	Antimicrobial Compositions and Methods of Use There of for Personal Care Products	United Kingdom
7833523	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	United States
2012332014	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	Australia
2853857	Compositions and Methods for Treatment and Prevention of Oral Diseases	Canada
2012800632833	Compositions and Methods for Treatment and Prevention of Oral Diseases	China
2773369	Compositions and Methods for Treatment and Prevention of Oral Diseases	Europe
404149	Compositions and Methods for Treatment and Prevention of Oral Diseases	India
6038167	Compositions and Methods for Treatment and Prevention of Oral Diseases	Japan
624850	Compositions and Methods for Treatment and Prevention of Oral Diseases	New Zealand
11090366	Compositions and Methods for Treatment and Prevention of Oral Diseases	United States
HK120416	Compositions and Methods for Treatment and Prevention of Oral Diseases	Hong Kong
2773369	Compositions and Methods for Treatment and Prevention of Oral Diseases	Germany
2773369	Compositions and Methods for Treatment and Prevention of Oral Diseases	France
2773369	Compositions and Methods for Treatment and Prevention of Oral Diseases	United Kingdom
2773369	Compositions and Methods for Treatment and Prevention of Oral Diseases	Ireland
7989604	Compositions and Methods for Enzymatic Detachment of Bacterial and Fungal Biofilms	United States
8617542	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	United States
2283130	Dispersin B, 5-Fluorouracil, Deoxyribonuclease I and ProteinaseK-Based Antibiofilm Compositions and uses thereof	Europe
8821862	Soluble B-N-Acetylgucosaminidase Based Antibiofilm Compositions and Uses Thereof	United States
7144992	Synergistic Antimicrobial Compositions and Methods for Reducing Biofilm Formation	United States

The Company has 57 issued patents and 10 pending patents. Successful development of products to prevent and remove microbial biofilms may be dependent upon the ability to obtain approval for patents that are currently in pending status as well as successfully file new patents; however, there is no guarantee that new patents will be obtained, and, if obtained, it may not be possible to successfully defend against any subsequent infringements to these patents. Currently, the Company is unaware that it has infringed upon any existing patents issued to third parties. The Company's success may, in part, depend on operating without such infringement.

Trademarks	**Jurisdiction**
DispersinB®	Canada
	United States
	Europe
	United Kingdom
coactiv+®	Canada
	Europe
coactiv+™	United States
DermaKB™	Canada

	United States
DermaKB Biofilm™	Canada
	United States
revyve™	United States

SUMMARY OF KANE BIOTECH PRESS RELEASES SINCE JANUARY 1, 2024

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 16, 2024, The Company announced that it would be hosting a webinar on Thursday April 18th, 2024. Marc Edwards, Kane's President & CEO, will share his thoughts on what the sale of STEM, which should ultimately net Kane more than $13 million CND, means for Kane as an important step in becoming a market leader in the growing high-value wound care and dermatological markets. The transaction, which focuses the company and significantly improves the balance sheet, will provide the necessary capital to achieve key milestones such as commercial launches and global growth, as well as our clinical programs in both wound care and acne.

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, Ecuphar 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.

On April 11, 2024, the Company announced that it had reached an agreement in principle for the sale of its entire interest (the "Interest") in STEM to a third party multi-national pharmaceutical company on a cash-free debt-free basis for $8,000,000 USD (the "Transaction"), subject to adjustments in accordance with the terms of the agreement in principle, as well as other consideration including the net cash held in STEM (estimated at $600,000 CND) and a working capital adjustment (estimated at $350,000 CND). Overall, it is anticipated that the sale of STEM will net Kane Biotech in excess of CND $11,500,000 CND (including the cash deposits already received). In connection with the Transaction, but not included in the net amount of the sale, the Company will be eligible for a $750,000 USD sales-based milestone payment and will also be entering into product development and transitional manufacturing agreements with STEM. The Company anticipates using the net proceeds from the Transaction to repay its outstanding loan to Pivot in the amount of approximately $6,700,000 CND, and for general working capital purposes.

On March 20, 2024, Kane Biotech announced that it had extended the exclusivity period on the offer for its interest in STEM Animal Health that it announced on December 20, 2023, from March 19, 2024 until March 31, 2024. The Company further announced that subsequent to the US $625,000 deposit that it received at the time of the offer, Kane Biotech had received additional deposits totaling US $900,000 which would be applied towards the sale price of the Company's interest in STEM.

On March 8, 2024, Kane Biotech announced that at the Bioscience Association of Manitoba ("BAM") annual awards dinner held on March 7, 2024, the Company received the BAM Company of the Year award. The Bioscience Company of the Year award acknowledges a private sector company based in Manitoba that has distinguished itself in the past year through demonstrated leadership, significant achievement and paving the road toward future wealth and job creation in the region.

On February 22, 2024, Kane Biotech announced that at the special meeting of the shareholders of the Company held on February 20, 2024, Dr. Robert Huizinga was elected as a director of the Company. The Company also announced that Dr. Huizinga had been appointed by the directors of the Company as Executive Chair of the Company.

On January 31, 2024, the Company announced that if it had filed a patent on its revyve™ Antimicrobial Would Gel Spray, a follow-on product to its FDA 510(k) cleared revyve™ Antimicrobial Would Gel and would be introducing it at the Boswick Burn and Wound Care Symposium on the same date.

On January 25, 2024, Kane Biotech announced that the Company would be presenting its revyve™ Antimicrobial Would Gel at the Boswick Burn and Would Care Symposium scheduled to take place from January 27 to February 1, 2024. Kane Biotech would be presenting along with other important voices involved in the care of soft tissue injuries and related complications.

On January 18, 2024, the Company announced that on February 20, 2024, the Company would hold a special meeting of its shareholders to consider the election of Dr. Robert Huizinga as an additional director of the Company.

OUTLOOK

The strategic direction of the Company remains centered on developing and commercializing solutions to biofilm-related problems. To advance these programs and fulfill its strategic objectives, management expects the Company to continue incurring operating losses for the foreseeable future. Given the Company's ongoing product development and commercialization strategy, research and general and administrative expenditures are expected to be higher in 2024 than 2023. Revenues from ongoing operations are also expected to be higher in 2024 than 2023 as the Company ramps up manufacturing of its revyve™ Antimicrobial Wound Gel in preparation for its commercial launch later this year. The Company is committed to increased commercialization and revenue growth within strict cost controls while continuing to develop new technologies and products.

The Company's funding of future operations is primarily dependent upon its ability to: a) sign partnership, licence and distribution agreements with upfront and subsequent milestone and/or equity payments, b) generate product, services and royalty revenue, and c) obtain government research and development funding. While the Company is continually striving to derive cashflow from all three of these sources, there is no assurance that such sources will be sufficient to sustain its operations. If that is the case, the Company will consider financing alternatives, including those used in the past such as private placements and debt financing, to raise the necessary capital it requires to fund ongoing operations.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities and commitments when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing its consolidated financial statements. There is no certainty that these and other strategies will be sufficient to permit the Company to continue as a going concern.

The Company may decide to accelerate, terminate, or reduce its focus in certain research areas, or commence research in new areas as a result of the Company's research progress and the availability of financial resources. These decisions are made with the goals of tightly managing the Company's cash resources and optimizing the Company's opportunities. Management is not presently aware of any factors that would change its strategy over the next year. See also "Note 2(c) Going concern" to the accompanying consolidated financial statements.

SELECTED QUARTERLY FINANCIAL INFORMATION

The selected financial information provided below is derived from Kane Biotech's unaudited quarterly for each of the last eight quarters:

Net income (loss) - continuing operations	Q1-2024 $	Q4-2023 $	Q3-2023 $	Q2-2023 $	Q1-2023 $	Q4-2022 $	Q3-2022 $	Q2-2022 $
License	22,056	39,770	23,372	23,372	23,372	23,372	23,372	23,372
Sales of goods	29,830	18,018	3,631	5,546	11,899	16,192	16,410	13,799
Total Revenue	51,886	57,788	27,003	28,918	35,271	39,565	39,782	37,171
Cost of Sales	11,835	23,488	3,512	5,392	7,118	4,400	15,628	11,466
Gross Profit	40,051	34,300	23,491	23,526	28,153	35,164	24,154	25,705
Operating Expenses	1,228,153	1,292,635	994,801	274,496	904,924	674,665	744,007	1,035,520
Net loss from continuing operations	(1,493,786)	(1,522,425)	(1,244,099)	(681,857)	(1,113,964)	(933,349)	(956,095)	(1,110,723)
Net loss from continuing operations attributable to shareholders	(1,493,786)	(1,522,425)	(1,244,099)	(681,857)	(1,113,964)	(933,349)	(956,095)	(1,110,723)
attributable to shareholders	97,964	(59,638)	(134,302)	(190,680)	(87,138)	63,459	(55,325)	210,732
Net loss attributable to shareholders	(1,395,822)	(1,582,063)	(1,378,401)	(872,537)	(1,201,102)	(869,890)	(1,011,420)	(899,991)
Loss per share from continuing operations attributable to shareholders	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Net loss per share attributable to shareholders	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

It is important to note that historical patterns of expenditures cannot be taken as an indication of future expenditures. The amount and timing of expenditures, and therefore liquidity and capital resources, may vary substantially from period to period depending on the business and research activities being undertaken at any one time and the availability of funding from investors and prospective commercial partners.

License revenue related to continuing operations relates to (1) the recognition of revenue associated with the initial payment of $500,000 USD the Company received upon signing its exclusive license and distribution agreement with Dechra in March 2017 prior to the establishment of STEM and (2) the recognition of revenue associated with the $125,000 USD milestone payment received from Dechra in April 2021 related to the successful production of a pilot batch of product manufactured in South America These payments have been recorded as contract liabilities on the consolidated statement of financial position and are being recognized as license revenue on a straight-line basis over the duration of the license agreement on the consolidated statement of loss and comprehensive loss.

Sales of goods are from DermaKB™ and, starting in Q4 2023, from revyve™ wound gel as the Company started shipping small quantities of revyve™ product to ProgenaCare in Q4 2023.

The Company's ongoing operating expenses relate primarily to the execution of research programs, the commercialization of its intellectual property and general and administrative expenses. The operations of the Company are not subject to any material seasonality or cyclical factors.

Operating expenses can vary significantly from quarter to quarter primarily due to fluctuations in research expenditures related to the Company's work on its DispersinB® Hydrogel and coactiv+™ Antimicrobial Wound Gel projects, legal expenses associated with private placements, debt financing and commercialization activities and non-cash expenditures related to the Company's Restricted Share Unit ("RSU") long-term compensation plan.

It is important to note that historical patterns of expenditures cannot be taken as an indication of future expenditures. The amount and timing of expenditures, and therefore liquidity and capital resources, may vary substantially from period to period depending on the business and research activities being undertaken at any one time and the availability of funding from investors and prospective commercial partners.

The following is selected financial information for each of the last eight quarters specific to discontinued operations of STEM which is in the process of being sold:

Net income (loss) - discontinued operations	Q1-2024 $	Q4-2023 $	Q3-2023 $	Q2-2023 $	Q1-2023 $	Q4-2022 $	Q3-2022 $	Q2-2022 $
License	62,730	62,731	62,651	59,655	46,039	46,039	46,039	476,853
Royalty	114,288	148,239	83,044	89,850	68,769	81,762	76,604	51,770
Sales of goods and services	712,757	496,239	545,154	478,887	527,538	524,289	409,261	273,785
Total Revenue	889,775	707,209	690,849	628,392	642,346	652,090	531,904	802,408
Cost of Sales	369,040	343,275	399,075	321,413	325,452	366,601	286,318	188,898
Gross Profit	520,735	363,934	291,774	306,979	316,894	285,489	245,586	613,510
Operating Expenses	396,112	441,912	518,353	591,733	455,869	199,633	377,330	325,786
Net income (loss)	146,961	(89,469)	(201,471)	(286,048)	(130,720)	95,199	(82,996)	316,128
Net income (loss) attributable to shareholders	97,964	(59,638)	(134,302)	(190,680)	(87,138)	63,459	(55,325)	210,732
Net income (loss) attributable to minority interest	48,997	(29,831)	(67,169)	(95,368)	(43,582)	31,740	(27,671)	105,396

License revenue related to discontinued operations was attributable to (1) the initial payment of $500,000 CAD the Company received upon signing its exclusive license and distribution agreement with Animalcare in September, 2020; (2) milestone payments received for approximately $1.3 million as a result of STEM achieving the key milestone of obtaining the VOHC efficacy certification in April 2022 and (3) the licensing agreement that STEM signed with Skout's Honor in May 2023 for its coactiv+™ technology in pet oral care applications triggering a $500,000 USD licensing fee which is being paid by Skout's Honor to STEM over the course of the 10-year agreement. These payments have been recorded as contract liabilities on the consolidated statements of financial position and are being recognized as license revenue on a straight-line basis over the duration of the license agreements on the consolidated statement of loss and comprehensive loss.

Quarterly royalty revenues were impacted in earlier quarters by the COVID-19 pandemic due to the lingering effects of lower product demand in the veterinary channel but have since recovered and are now well above pre-pandemic levels. Animalcare launched their own product line in Q2 2022 immediately upon STEM achieving the VOHC certification. This certification triggered minimum royalties that increase annually as per both the Dechra and Animalcare exclusive license and distribution agreements and the higher product demand in the veterinary channel as a result of VOHC certification will contribute to anticipated increasing royalties revenue in future quarters. Significantly higher royalty revenues in Q4 2023 reflect the launch of Skout's Honor's product line in the pet retail channel which will also lead to increasing royalty revenue for STEM in future quarters.

STEM goods and services revenues can fluctuate on a quarter-to-quarter basis but overall, sales of goods and services in recent quarters have increased due to STEM expanding its product line and customer base.

Overall, aside from occasional provisions recorded for inventory obsolescence, gross profit as a percentage of revenues has increased in recent quarters primarily due to increased license and royalty income. Gross profit in Q2 2022 was positively impacted by revenue recognition of contractual milestone payments from Dechra and Animalcare triggered by STEM achieving VOHC certification in that quarter. In Q1 2023 STEM brought the majority of its product manufacturing requirements in-house which has resulted in improved margins.

STEM's operating expenses were primarily expenses associated with employee compensation and bluestem sales and marketing programs. The operations of the Company were not subject to any material seasonality or cyclical factors. STEM's operating expenses were higher in recent quarter primarily due to increased spending on sales and marketing programs and one-time separation costs.

RESULTS OF OPERATIONS

Revenue

Revenue consists of License and Royalty revenue from its exclusive license and distribution agreements with Dechra and Animalcare, product sales from the Company's bluestem™ and DermaKB™ brands and contract manufacturing and quality control services revenue related to the Company's relationship with Dechra.

The Company's revenue by category for the three months ended March 31, 2024 and 2023 is summarized in the table below:

Three monthes ended	Continuing operations				Discontinued operations				Total			
March 31,	2024	2023	Change	% Change	2024	2023	Change	% Change	2024	2023	Change	% Change
License	$ 22,056	$ 23,372	$ (1,316)	-6%	$ 62,730	$ 46,039	$ 16,691	36%	$ 84,786	69,411	$ 15,375	22%
Royalty	-	-	-	-	114,288	68,769	45,519	66%	114,288	68,769	45,519	66%
Products	29,830	11,899	17,931	151%	627,524	436,491	191,033	44%	657,354	448,390	208,964	47%
Services	-	-	-	-	85,233	91,047	(5,814)	-6%	85,233	91,047	(5,814)	-6%
Total Revenue	$ 51,886	$ 35,271	$ 16,615	47%	$ 889,775	$ 642,346	$ 247,429	39%	$ 941,661	677,617	$ 264,044	39%

License revenue of continuing operations consists of the following: (1) the recognition of revenue associated with the initial payment of $500,000 USD the Company received upon signing its exclusive license and distribution agreement with Dechra in March 2017 prior to the establishment of STEM and (2) the recognition of revenue associated with the $125,000 USD milestone payment received from Dechra in April 2021 related to the successful production of a pilot batch of product manufactured in South America These payments have been recorded as contract liabilities on the consolidated statement of financial position and are being recognized as license revenue on a straight-line basis over the duration of the license agreement on the consolidated statement of loss and comprehensive loss.

License revenue of discontinued operations consists of the following: (1) the initial payment of $500,000 CAD the Company received upon signing its exclusive license and distribution agreement with Animalcare in September, 2020; (2) milestone

payments received for approximately $1.3 million as a result of STEM achieving the key milestone of obtaining the VOHC efficacy certification in April 2022 and (3) the licensing agreement that STEM signed with Skout's Honor in May 2023 for its coactiv+™ technology in pet oral care applications triggering a $500,000 USD licensing fee which is being paid by Skout's Honor to STEM over the course of the 10-year agreement. These payments have been recorded as contract liabilities on the consolidated statement of financial position and are being recognized as license revenue on a straight-line basis over the duration of the license agreements on the consolidated statement of loss and comprehensive loss. In the three months ended March 31, 2024, license revenue recognized from these sources increased by 36% to $62,730 compared to $46,039 in the three months ended March 31, 2023 due to incremental revenue recognized in the current quarter associated with the Skout's Honor license and distribution agreement.

Royalty revenue of discontinued operations consists of royalties received from Dechra on their sales of Vetradent™ products in the North American veterinary market, from Animalcare on their sales of Plactiv+® products in the European veterinary market and from Skout's Honor on their sales Skout's Honor products in the North American pet retail market. In the three months ended March 31, 2024, royalty revenue increased by 66% to $114,288 compared to $68,769 in the three months March 31, 2023 due mainly to new royalties from the launch of Skout's Honor's product line in the current period as well as increased royalty revenue from Animalcare recognized in the current period.

Product sales from continuing operations in the three months ended March 31, 2024 were $29,830, an increase of 151% compared to $11,899 in the three months ended March 31, 2023. The increase is due mainly to the recognition of revyve™ wound gel revenue as the Company started shipping small quantities of revyve™ product to ProgenaCare in Q4, 2023.

Product sales from discontinued operations in the three months ended March 31, 2024 were $627,524, an increase of 44% compared to $436,491 in the three months ended March 31, 2023. The increase is due mainly to higher STEM pet retail and online sales in the current period.

Services revenue from discontinued operations consists of contract manufacturing and quality control services related to the Company's relationship with Dechra. In the three months ended March 31, 2024, services revenue was $85,233, a decrease of 6% compared to $91,047 for the three months ended March 31, 2023. This decrease is due mainly to lower demand from Dechra for contract manufacturing services during the current period.

General and Administration Expenses

General and administration expenses include those costs not directly related to research and development. These include expenses associated with management and administrative staff compensation, commercialization activities and professional fees such as consulting, legal, audit, and investor relations.

The changes in general and administration expenditures by category for the three months ended March 31, 2024 and 2023 are reflected in the following table:

	Continuing operations				Discontinued operations				Total			
Three monthes ended March 31,	**2024**	**2023**	**Change**	**% Change**	**2024**	**2023**	**Change**	**% Change**	**2024**	**2023**	**Change**	**% Change**
Compensation related costs and consulting fees	$ 545,843	$ 345,336	$ 200,507	58%	$ 251,297	$ 267,804	$ (16,507)	-6%	$ 797,140	$ 613,140	$ 184,000	30.0%
Business development costs	110,768	100,331	10,437	10%	120,257	120,686	(429)	0%	231,025	221,017	10,008	4.5%
Legal costs	34,914	106,729	(71,815)	-67%	669	8,799	(8,130)	-92%	35,583	115,528	(79,945)	-69.2%
Other administration costs	95,326	52,243	43,083	82%	17,509	50,909	(33,400)	-66%	112,835	103,152	9,683	9.4%
General and administration expenses	$ 786,851	$ 604,639	$ 182,212	30%	$ 389,732	$ 448,198	$ (58,466)	-13%	$ 1,176,583	$ 1,052,837	$ 123,746	11.8%

Higher compensation related costs and consulting fees in continuing operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 are due primarily to higher long-term incentive expense partially offset by lower salaries expense recorded in the current period.

Lower compensation related costs and consulting fees in discontinued operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 is due primarily to lower short-term incentive expense recorded in the comparative period.

Higher business development costs in continuing operations for the three months ended March 31, 2024 are due primarily to higher travel costs in the current period.

Lower legal costs in continuing operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 are primarily due to legal fees associated with the Company's amended and restated credit agreement with Pivot which was completed in the comparative period.

Lower legal costs in discontinued operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 are primarily due to higher employment related legal expenses in the comparative period.

Higher other administration costs in continuing operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 are primarily due to higher audit costs in the current period.

Lower other administration costs in discontinued operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 are primarily due to lower external audit and facility-related expenditures recorded in the current period.

Research and Development Expenses

Research and development expenses are associated with the Company's research and development programs. The Company is in the development and commercialization stage and devotes a significant portion of its financial resources to research and market-ready product development activities.

The changes in research and development expenses by category for the three months ended March 31, 2024 and 2023 are reflected in the following table:

	Continuing operations				Discontinued operations				Total			
Three monthes ended March 31,	2024	2023	Change	% Change	2024	2023	Change	% Change	2024	2023	Change	% Change
Compensation related costs and consulting fees	$ 193,450	$ 157,108	$ 36,342	23%	$ -	$ -	$ -	-	$ 193,450	$ 157,108	$ 36,342	23.1%
Contract research and scientific consulting	203,392	63,439	139,953	221%	-	2,763	(2,763)	-100%	203,392	66,202	137,190	207.2%
Patent related costs and other intangibles expensed	14,865	37,649	(22,784)	-61%	-	-	-	-	14,865	37,649	(22,784)	-60.5%
Other research costs	72,356	75,676	(3,320)	-4%	6,380	4,908	1,472	30%	78,736	80,584	(1,848)	-2.3%
Government assistance	(42,761)	(33,587)	(9,174)	27%	-	-	-	-	(42,761)	(33,587)	(9,174)	27.3%
Research expenses	$ 441,302	$ 300,285	$ 141,017	47%	$ 6,380	$ 7,671	$ (1,291)	-17%	$ 447,682	$ 307,956	$ 139,726	45.4%

Higher compensation related costs and consulting fees in continuing operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 are primarily due higher long-term incentive expense partially offset by lower salary-related costs in the current period.

Higher contract research and scientific consulting costs in continuing operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 are due primarily to higher contract research expenditures related to the Company's coactiv+^{TM} Antimicrobial Wound Gel product development in the current period.

Lower patent related costs and other intangibles expenses in continuing operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 are due mainly to higher patent legal expenses incurred in the comparative period.

Lower other research costs in continuing operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 are primarily due to lower science consumables costs incurred in the current period.

Higher government assistance in continuing operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 is primarily due to higher DoD MTEC Award funding recorded in the current period.

Other expenses (income)

The changes in other expenses (income) for the three months ended March 31, 2024 and 2023 are reflected in the following table:

Three monthes ended March 31,	Continuing operations			Discontinued operations			Total		
	2024	2023	Change	2024	2023	Change	2024	2023	Change
Finance income	$ (473)	$ -	$ (473)	$ (8,107)	$ (15,684)	$ 7,577	$ (8,580)	$ (15,684)	$ 7,104
Finance expense	317,518	237,219	80,299	3,683	3,039	644	321,201	240,258	80,943
Fair value adjustment - government loans	-	(3,770)	3,770	-	-	-	-	(3,770)	3,770
Foreign exchange loss (gain), net	(11,361)	3,744	(15,105)	(17,914)	4,390	(22,304)	(29,275)	8,134	(37,409)
Net other expenses	$ 305,684	$ 237,193	$ 68,491	$ (22,338)	$ (8,255)	$ (14,083)	$ 283,346	$ 228,938	$ 54,408

Higher finance expense in continuing operations for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 is due primarily to higher interest expense recorded on the Pivot loan in the current period.

Loss and Comprehensive Loss

The loss and comprehensive loss for the three and twelve months ended March 31, 2024 and 2023 are reflected in the following tables:

Three monthes ended March 31,	Continuing operations			Discontinued operations			Total		
	2024	2023	Change	2024	2023	Change	2024	2023	Change
Income (loss) and comprehensive income (loss)	$(1,493,786)	$(1,113,964)	$ (379,822)	$ 146,961	$ (130,720)	$ 277,681	$(1,346,825)	$(1,244,684)	$ (102,141)
Income (loss) and comprehensive income (loss) attributable to shareholders	$(1,493,786)	$(1,113,964)	$ (379,822)	$ 97,964	$ (87,138)	$ 185,102	$(1,395,822)	$(1,201,102)	$ (194,720)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ -	$ -	$ -	$ -	$ (0.01)	$ (0.01)	$ -

LIQUIDITY AND CAPITAL RESOURCES

Since inception, the Company has primarily financed its operations from revenues, public and private sales of equity, the exercise of warrants, loans and convertible notes, government grants and tax credits. On a consolidated basis, the Company reported cash of $1,703,845 as of March 31, 2024 compared to $1,888,728 as of December 31, 2023. The following table illustrates the Company's consolidated cash flow on a segmented basis, including net cash flow movement between Kane and STEM.

	Kane	STEM	Total
Cash as of December 31, 2023	$ 749,248	$ 1,139,480	$ 1,888,728
Changes in operating activities - three months ended March 31, 2024	(754,996)	(229,191)	(984,187)
Changes in financing activities - three months ended March 31, 2024	839,622	(30,000)	809,622
Changes in investing activities - three months ended March 31, 2024	(7,175)	(3,143)	(10,318)
Increase in cash - three months ended March 31, 2024	77,451	(262,334)	(184,883)
Cash as of March 31, 2024	826,699	877,146	1,703,845
Less cash in discontinued operations as of December 31, 2024	-	(877,146)	(877,146)
Cash in continuing operations as of March 31, 2024	$ 826,699	$ -	$ 826,699

Cash used in operating activities

Cash used in operating activities for the three months ended March 31, 2024 was $984,187, of which $229,191 is associated with discontinued operations, compared to cash used in operating activities of $959,364 for the three months ended March 31, 2023 of which $221,412 pertains to discontinued operations. The higher net loss and comprehensive loss in the current period was offset by higher non-cash interest and share-based compensation in the current period. The change in net non-cash working capital was similar period over period.

Cash provided by financing activities

Cash provided from financing activities for the three months ended March 31, 2024 was $809,622, of which $30,000 used in financing activities is associated with discontinued operations, compared to cash provided by financing activities of $857,037, of

which $140 used in financing activities is associated with discontinued operations, for the three months ended March 31, 2023. The most significant financing activities are the $1,210,662 in deposits related to the sale of STEM received in the current period and loan proceeds of $1,000,000 received from Pivot in the comparative period.

Cash used in investing activities

Cash used in investing activities during the three months ended March 31, 2024 was $10,318, of which $3,143 is associated with discontinued operations, compared to $12,496, of which $2,479 is associated with discontinued operations, in the three months ended March 31, 2023. Cash used in investing activities consists primarily of equipment purchases and capitalized patent expenditures.

The Company continues to seek additional licensing and distribution partners for its various products and technologies currently in various stages of development in order to provide increasing liquidity in the future. The Company also intends to seek maximization of its use of government grant programs in order to offset some of its research costs.

However, it is possible that these sources of cash inflows will not be sufficient to entirely fund the Company's planned research activities and administration costs in 2024. If that is the case, the Company will consider financing alternatives including those used in the past such as private placements and debt financing to raise the necessary capital it requires to fund ongoing operations.

The Company manages its operational spending and determines its future financing requirements through a process of budgeting and ongoing cash flow forecasting.

Shares, options, and warrants

	May 22, 2024	March 31, 2024	December 31, 2023
Common shares issued and outstanding	132,511,567	131,844,567	131,844,567
Restricted Share Units	17,536,177	18,203,177	18,203,177
Warrants	8,125,000	8,125,000	8,125,000

A summary of the Company's share capital may be found in Note 16 of the accompanying consolidated financial statements.

CONTRACTUAL OBLIGATIONS

The Company periodically enters into credit and funding agreements, long term contractual agreements for the licensing of technologies, facility and equipment lease agreements and consulting service agreements. The following table presents commitments arising from outstanding agreements in force over the next seven years:

	Payments due by Period				
	Within 1 year	2-3 years	4-5 years	6-7 years	Total
Canadian Dollars :					
Leases	$ 166,669	$ 333,337	$ 333,337	$ 216,876	$ 1,050,219
Accounts payable and accrued liabilities	1,862,282	-	-	-	1,862,282
Due to related party	8,066	-	-	-	8,066
Loan payable	6,709,412	-	-	-	6,709,412
Government loans	504,000	1,008,000	475,267	-	1,987,267
	$ 9,250,429	$ 1,341,337	$ 808,604	$ 216,876	$ 11,617,246
US Dollars :					
Quality management platform fee (USD)	$ 12,440	$ 12,440	$ -	$ -	$ 24,880
Licence maintenance fees (USD)	10,000	20,000	20,000	20,000	70,000
	$ 22,440	$ 32,440	$ 20,000	$ 20,000	$ 94,880

GUARANTEES

The Company periodically enters into research and licence agreements with third parties that include indemnification provisions customary in the industry. These guarantees generally require the Company to compensate the other party for certain damages and costs incurred as a result of claims arising from research and development activities undertaken on behalf of the Company. In some cases, the maximum potential amount of future payments that could be required under these indemnification provisions could be unlimited. These indemnification provisions generally survive termination of the underlying agreement. The nature of the indemnification obligations prevents the Company from making a reasonable estimate of the maximum potential amount it could be required to pay. Historically, the Company has not made any indemnification payments under such agreements and no amount has been accrued in the accompanying consolidated financial statements with respect to these indemnification obligations.

OFF-STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

The Company does not have any off-Statement of Financial Position arrangements.

CONTROLS

As a result of the Company's limited administrative staffing levels, internal controls which rely on segregation of duties in many cases are not appropriate or possible. Due to resource constraints and the present stage of the Company's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct this potential weakness at this time. To help mitigate the impact of this potential weakness, the Company is highly reliant on the performance of compensating procedures and senior management's review and approval.

As a TSX-Venture Exchange issuer, the Company is not required to certify the design and evaluation of the Company's disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICF), and as such has not completed such an evaluation.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the Company to select from possible alternative accounting principles and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the statement of financial position date and reported costs and expenditures during the reporting period. Management believes that the estimates and assumptions upon which the Company relies are reasonable based upon information available at the time these estimates and assumptions are made. Estimates and

assumptions may be revised as new information is acquired and are subject to change.

In addition to the going concern assumption described above, management believes that its most critical accounting policies and estimates relate to the following areas, with reference to notes contained in the accompanying consolidated financial statements:

Revenue recognition

The Company's accounting policy over revenue recognition may be found in Note 3(a) in the Company's consolidated financial statements.

The Company has consistently applied accounting policies in accordance with IFRS 15 *Revenue from Contracts with Customers ("IFRS 15")* to all periods presented in these consolidated financial statements. These policies are as follows:

The Company has entered into exclusive license and distribution agreements for specific territories for which there may be non-refundable upfront payments, milestone payments based on achievement of certain milestones and royalties on related sales. Under the terms of these agreements in addition to the exclusive license rights, the Company may provide support, transfer of knowhow, marketing materials and efforts to increase the value of the license through introduction of new products or industry certifications. As these additional activities are not distinct and separable from the exclusive license rights, the primary performance obligation under the agreements has been determined to be a right to access the exclusive license. As a result, where non-refundable upfront payments are received or receivable, they are recognized over time on a straight-line basis over the contractual life of the agreement. Where milestone payments represent variable consideration, they are recognized as an adjustment to the transaction price of the contract when it is highly probable that a significant reversal of cumulative revenue recognized will not occur.

Royalties not subject to guaranteed minimum royalties are recognized as the related sales occur. Where guaranteed minimum annual royalties apply, the Company recognizes the minimum guaranteed royalty revenue over time and recognizes excess sales royalties as the related sales occur.

Sales based milestone payments are recognized as revenue only when the applicable sales target has been met.

Revenue from the sales of goods and services, net of discounts, is recognized when control of those goods has been transferred to the customer or the related services have been rendered.

Research and development costs

The Company's accounting policy over research and development costs may be found in Note 3(f)(i) in the Company's consolidated financial statements. Research expenditures are expensed as incurred. Development expenditures are deferred when they meet the criteria for capitalization in accordance with IFRS and the future benefits could be regarded as being reasonably certain. No development expenditures have been capitalized to date and there are no plans to capitalize development expenditures in the foreseeable future. Related Scientific Research & Experimental Development (SR&ED) investment tax credits are accounted for as a reduction to research and development expenditures in the period that they are earned and only to the extent they are refundable. Non-refundable SR&ED investment tax credits are not recorded in the consolidated financial statements as there is not assurance at this time there will be sufficient taxable income in the future to utilize those tax credits.

Patents and trademarks

The Company's accounting policy over patents and trademarks may be found in Notes 3(f)(ii) in the Company's consolidated financial statements. Patents and trademarks are reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated. An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell or its value in use. The fair value less costs to sell calculation is based on available data from observable market prices, less incremental costs. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. Qualitative factors, including market size and market growth trends, strength of customer demand and degree of variability in cash flows, as well as other factors, are considered when making assumptions regarding future cash flows and the appropriate discount rate. A change in any of the significant assumptions of estimates used to evaluate the underlying assets could result in a material change to the results of operations.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed, to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment had been recognized. Write-downs as a result of impairment are recognized in research expense in the statement of loss and comprehensive loss.

Stock-based compensation

The Company's accounting policy over stock-based compensation may be found in Notes 3(h)(ii),16(c) and 16(d) in the Company's consolidated financial statements.

Where the Company issues restricted share units to its employees, directors, officers or consultants, the fair value of these units is derived from the Company's closing share price on the TSX Venture Exchange on the date of issuance.

Where the Company issues stock options to its employees, directors, officers or consultants, the fair value of the options is derived using the Black-Scholes pricing model. The application of this pricing model requires Management to make assumptions regarding several variables, including the expected life of the options and warrants, the price volatility of the Company's stock over a relevant timeframe, the determination of a relevant risk-free interest rate and an assumption regarding the Company's dividend policy in the future.

A summary of all the Company's material accounting policies and estimates may be found in Note 3 to the consolidated financial statements.

RISKS AND UNCERTAINTY

Kane Biotech operates in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of the Company's control. The Company is subject to risks both inherent and not inherent to the biotechnology industry, including:

Risks Related to the Company's Financial Condition

- The Company has not derived sufficient revenues to date from the commercial sale of its antibiofilm technology and products to offset its costs. In light of the length of time and expense associated with bringing new products through commercialization, obtaining regulatory approval and bringing products to market, operating losses are expected to continue.
- The Company has relied upon equity financing to support operations and will continue to need significant amounts of additional capital that may not be available to the Company on favourable terms and may be dilutive.
- The Company has relied upon non-dilutive government funding to support some of its research and development programs and other operations. This funding is contingent upon certain deliverables being fulfilled as mandated by the government agencies.
- The Company may fail to obtain additional financing and be unable to fund operations and commercialize its product candidates.

The Company intends to raise additional financing, as required, through research, partnering and licensing arrangements, the exercise of warrants and options, equity financing and government funding. However, there can be no assurance that these financing efforts will be successful or that the Company will continue to be able to meet ongoing cash requirements. It is possible that financing will not be available or, if available, may not be on favourable terms. The availability of financing will be affected by the results of scientific and clinical research, the ability to obtain regulatory approvals, market acceptance of the Company's products, the state of the capital markets generally (with particular reference to pharmaceutical, biotechnology and medical companies), the status of strategic alliance agreements, available government funding and other relevant commercial considerations.

Risks Related to the Company's Financial Management

The Company is subject to ongoing foreign exchange, interest rate, credit and liquidity risks. The management of these risks is described in Note 24 of the Company's audited consolidated financial statements for the year ended December 31, 2023.

Risks Related to the Company's Business and Operations

- The Company is in various stages of development of its technologies and products and is dependent on the successful commercialization of its technologies and products to prevent and remove microbial biofilms. Delays may cause the

Company to incur additional costs which could adversely affect the Company's liquidity and financial results.

- The Company's business is subject to significant government regulation and failure to achieve regulatory approval of its products would negatively affect the business.
- The Company can rely on contract manufacturers as part of its product development strategy, and it would be negatively affected if it is not able to maintain these relationships and/or the contract manufacturers failed to maintain appropriate quality levels.
- Even if product candidates receive all of the required regulatory approvals, there is no guarantee of market acceptance or commercialization of the resulting product candidates, which will be determined by the Company's sales, marketing and distribution capabilities and the positioning and competitiveness of its products compared with any alternatives.
- The Company's industry is characterized by rapid change and a failure by the Company to react to these changes could have a material adverse effect on its business.
- If the Company fails to hire or retain needed personnel, the implementation of its business plan could slow and future growth could suffer.

Risks Relating to the Intellectual Property

- Failure to protect intellectual property, or infringement on the intellectual property rights of others, may impede the Company's ability to operate freely.
- The Company is dependent on strategic partners, including contract research organizations, as part of its product development strategy, and it would be negatively affected if it is not able to initiate or maintain these relationships.

Kane Biotech views patents and other means of intellectual property protection as essential to the Company's core business by protecting the Company's proprietary technology from infringement by competitors. To that end, patents will continue to be filed by the Company to ensure the highest level of protection possible is obtained for its products and technologies. The Company requires all employees, consultants, and parties to collaborative research agreements to execute confidentiality agreements upon the commencement of employment, consulting relationships or a collaboration with the Company. These agreements require that all information developed or made known during the course of the engagement with the Company is to be kept confidential. The Company also maintains agreements with scientific staff and all parties contracted in a scientific capacity, providing that all inventions resulting from work performed for Kane Biotech, using its property, or relating to its business and conceived or completed during the period covered by the agreement are the exclusive property of the Company.

Risks Relating to the Company's Common Shares

- The Company has not paid and does not intend to pay any cash dividends on its common shares and therefore, its shareholders may not be able to receive a return on their shares unless they sell them.
- The market price and trading volume of the Company's common shares may be volatile. In addition, variations in future earnings estimates by securities analysts and the market prices of the securities of the Company's competitors may also lead to fluctuations in the trading price of the common shares.
- The significant costs that the Company will incur as a result of being a public company in Canada could adversely affect its business.

To date, no dividends have been declared or paid on the common shares, and it is not expected that dividends will be declared or paid in the immediate or foreseeable future. The policy of the Board of Directors of the Company is to reinvest all available funds in operations. The Board of Directors may reassess this policy from time to time. Any decision to pay dividends on the common shares of Kane Biotech will be made by the Board of Directors based on the assessment of, among other factors, earnings, capital requirements and the operating and financial condition of the Company.