

Kane Biotech

Innovating solutions to address biofilms

Kane is taking a unique approach to addressing human and animal health by developing technology to break up biofilms, the glue-like substance secreted by microorganisms that prevent their removal. Biofilms are implicated in a range of health concerns from periodontal disease, medical device-associated infections, hospital-acquired infections and food safety. As the first commercial use of its technology, the company has launched a series of products to prevent tartar build-up in companion animals.

Biofilms: Microbes' first line of defence

Biofilms are the mixtures of proteins and carbohydrates secreted by bacteria and fungi that act as a glue to adhere them to a surface and provide a barrier against antimicrobials, disinfectants, and the immune system. These biofilms may form on living tissue such as the teeth and skin, or on hard surfaces in hospitals and food processing facilities, leading to the transmission of pathogenic species. Kane's goal is to develop a suite of products targeting these niches in animal and human health, and to out-license these products.

Agreement with Dechra for veterinary products

Kane recently licensed the technology for its animal health products to Dechra, a worldwide manufacturer of veterinary products, for marketing in North American vet channels (Kane separately markets its own dental products in specialty stores).

Kane received \$500k on signing and is entitled to \$2m in milestones plus royalties (subject to minimums). The dental health product, Vetrudent, was launched in the US in October 2017, and an ear drop is targeted for H218.

Immediate applications for human health

Kane is also developing products for the treatment of inflammatory skin conditions and is targeting initiation of clinical trials in 2018. This technology is regulated in Canada as Natural Health Products and has potential applications for topical disorders such as athlete's foot and seborrheic dermatitis. The company has stated that it intends to use Canada as a test market before expanding to the US. It is currently seeking partners for commercialization.

Valuation: EV of C\$3.48m

Kane ended Q317 with C\$2.53m in cash and no debt, implying an EV of C\$3.48m. It reported revenue of C\$952k for the first nine months of 2017 from sales and royalties (including the Dechra upfront) and a loss of C\$1.90m. The company may be able to raise capital through licensing activity, but will require additional financing in 2018 at the current rate.

Historical financials

Year end	Revenue (\$m)	PBT (\$m)	EPS (\$)	DPS (\$)	P/E (x)	Yield (%)
12/13	0.0	(1.4)	(0.02)	0.00	N/A	N/A
12/14	0.0	(1.6)	(0.02)	0.00	N/A	N/A
12/15	0.2	(1.7)	(0.02)	0.00	N/A	N/A
12/16	0.4	(2.5)	(0.01)	0.00	N/A	N/A

Source: Kane reports

Pharma & biotech

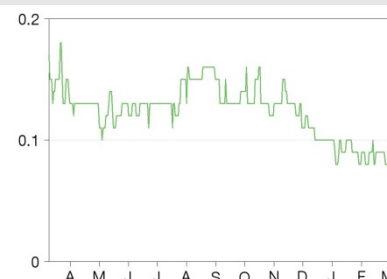
12 March 2018

Price **C\$0.075**

Market cap **C\$6m**

C\$1.26/US\$

Share price graph



Share details

Code	KNE/KNBIF
Listing	TSX-V/OTCQB
Shares in issue	80.1m

Business description

Kane is a biotechnology company developing products for the disruption of biofilms. It has a veterinary tartar control product licensed to Dechra for commercialization in North America. Additionally, it is developing human dermatological products and targeting clinical trial initiation in 2018.

Bull

- Multiple approved products.
- North American distribution for veterinary products.
- Broad applications for technology.

Bear

- Partnering risk.
- Human and industrial products not market tested.
- Additional capital needed.

Analysts

Nathaniel Calloway	+1 646 653 7036
Maxim Jacobs	+1 646 653 7027

healthcare@edisongroup.com

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