ANTIBE THERAPEUTICS INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended December 31, 2021 and 2020

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Financial Position
As at December 31, 2021 and March 31, 2021
(Expressed in thousands of Canadian dollars)
(Unaudited)

	December 31, 2021	March 31, 2021
	$	$
ASSETS		
Current		
Cash and cash equivalents	**58,591**	71,973
Term deposits	**25**	25
Trade and other receivables *[note 6]*	**1,094**	2,603
Inventory	**-**	2,157
Prepaid expenses *[note 11]*	**842**	2,345
Assets held for sale *[note 5]*	**4,120**	-
Total current assets	**64,672**	79,103
Non-current assets		
Property and equipment, net	**-**	309
Loan receivable	**159**	157
Deposits	**-**	20
Deferred contract costs *[note 18]*	**1,283**	1,283
Intangible assets, net *[note 4]*	**26,352**	869
Total non-current assets	**27,794**	2,638
TOTAL ASSETS	**92,466**	81,741
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**2,280**	3,608
Current portion of lease liability	**-**	133
Liabilities directly associated with assets held for sale *[note 5]*	**1,331**	-
Total current liabilities	**3,611**	3,741
Non-current liabilities		
Deferred revenue *[note 18]*	**27,631**	27,631
Lease liability	**-**	105
Total non-current liabilities	**27,631**	27,736
TOTAL LIABILITIES	**31,242**	31,477
SHAREHOLDERS' EQUITY		
Share capital *[note 9(b)]*	**138,066**	111,574
Common share purchase warrants *[note 9(e)]*	**10,264**	10,353
Contributed surplus	**18,671**	14,293
Deficit	**(105,777)**	(85,956)
TOTAL SHAREHOLDERS' EQUITY	**61,224**	50,264
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**92,466**	81,741

Commitments and contingencies *[note 19]*

(Signed) Daniel Legault Daniel Legault, Director
(Signed) John Wallace John Wallace, Director

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended December 31, 2021 and 2020
(Expressed in thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

	Three months ended December 31, 2021	Three months ended December 31, 2020	**Nine months ended December 31, 2021**	Nine months ended December 31, 2020
	$	$	$	$
EXPENSES				
Research and development *[note 11]*	**2,479**	3,409	**10,948**	10,308
Stock-based compensation *[note 12]*	**1,430**	758	**4,673**	2,516
General and administrative *[note 13]*	**1,285**	1,643	**4,273**	5,317
Selling and marketing *[note 14]*	**40**	51	**181**	87
Total expenses	**5,234**	**5,861**	**20,075**	18,228
LOSS FROM CONTINUING OPERATIONS	**(5,234)**	(5,861)	**(20,075)**	(18,228)
Finance and related costs (income) *[note 15]*	**17**	(40)	**5**	(55)
Finance income	**(32)**	(13)	**(116)**	(34)
NET LOSS FROM CONTINUING OPERATIONS	**(5,219)**	(5,808)	**(19,964)**	(18,139)
DISCONTINUED OPERATIONS				
Income (loss) from discontinued operations *[notes 3 and 5]*	**370**	(688)	**143**	(2,188)
NET LOSS FOR THE PERIOD	**(4,849)**	(6,496)	**(19,821)**	(20,327)
OTHER COMPREHENSIVE LOSS				
Exchange differences on translation of foreign operations	**-**	18	**-**	18
COMPREHENSIVE LOSS	**(4,849)**	(6,478)	**(19,821)**	(20,309)
Basic and diluted loss per share *[note10]*	**(0.09)**	(0.17)	**(0.39)**	(0.57)
Basic and diluted weighted average number of shares outstanding *[note 10]*	**51,822,023**	38,701,708	**50,354,256**	35,867,507

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Changes in Shareholders' Equity
For the Nine Months Ended December 31, 2021 and 2020
(Expressed in thousands of Canadian dollars, except share amounts)
(Unaudited)

	Number of common shares	Share capital	Common share purchase warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity
		$	$	$	$	$	$
Balance, March 31, 2020	29,368,177	49,666	2,626	11,142	18	(59,673)	3,779
Shares and warrants issued	7,187,500	26,041	2,709	-	-	-	28,750
Share issuance costs	-	(2,968)	(303)	821	-	-	(2,450)
Shares issued for exercised warrants	1,465,203	5,122	(1,713)	-	-	-	3,409
Shares issued for exercised options	539,600	2,369	-	(1,135)	-	-	1,234
Shares issued for redeemed restricted share units	219,252	825	-	(825)	-	-	-
Stock-based compensation	-	-	-	2,516	-	-	2,516
Net loss from continuing operations for the period	-	-	-	-	-	(18,139)	(18,139)
Loss from discontinued operations	-	-	-	-	-	(2,188)	(2,188)
Exchange differences on translation of foreign operations	-	-	-	-	(18)	18	-
Balance, December 31, 2020	38,779,732	81,055	3,319	12,519	-	(79,982)	16,911
Balance, March 31, 2021	45,722,605	111,574	10,353	14,293	-	(85,956)	50,264
Shares issued for exercised warrants	**42,640**	**217**	**(89)**	**-**	**-**	**-**	**128**
Shares issued for redeemed restricted share units	**234,324**	**295**	**-**	**(295)**	**-**	**-**	**-**
Shares issued on amalgamation with Antibe Holdings Inc. *[note 4]*	**5,873,092**	**25,980**	**-**	**-**	**-**	**-**	**25,980**
Stock-based compensation	**-**	**-**	**-**	**4,673**	**-**	**-**	**4,673**
Net loss from continuing operations for the period	**-**	**-**	**-**	**-**	**-**	**(19,964)**	**(19,964)**
Income from discontinued operations	**-**	**-**	**-**	**-**	**-**	**143**	**143**
Balance, December 31, 2021	**51,872,661**	**138,066**	**10,264**	**18,671**	**-**	**(105,777)**	**61,224**

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Cash Flows
For the Nine Months Ended December 31, 2021 and 2020
(Expressed in thousands of Canadian dollars)
(Unaudited)

	2021	2020
	$	$
CASH FLOWS USED IN OPERATING ACTIVITIES		
Net loss from continuing operations for the period	**(19,964)**	(18,139)
Income (loss) from discontinued operations *[notes 3 and 5]*	**143**	(621)
Items not affecting cash:		
Stock-based compensation *[notes 9 and 12]*	**4,673**	2,516
Accretion interest	**-**	37
Depreciation of property and equipment	**180**	147
Amortization of intangible assets	**18**	230
Interest on capitalized lease payments	**15**	10
	(14,935)	(15,820)
Changes in non-cash balances:		
Trade and other receivables	**1,105**	(1,389)
Inventory	**(424)**	494
Prepaid expenses	**1,425**	(1,993)
Accounts payable and accrued liabilities	**(196)**	(182)
Income taxes payable	**(126)**	-
Net change in non-cash balances	**1,784**	(3,070)
		-
Cash flows used in operating activities	**(13,151)**	(18,890)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Transaction costs on acquisition of assets, net of cash acquired *[note 4]*	**(236)**	-
Advances to BMT *[note 3]*	**-**	(264)
Purchase of equipment	**(8)**	-
Cash flows used in investing activities	**(244)**	(264)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Advances to Antibe Holdings Inc.	**-**	(39)
Lease payments	**(113)**	(124)
Increase in loan receivable	**(2)**	(157)
Repayment of credit facility *[note 7]*	**-**	(2,250)
Issuances:		
Gross proceeds from shares and warrant issuance *[note 9]*	**-**	28,750
Proceeds from exercised warrants *[note 9]*	**128**	3,409
Proceeds from exercised options *[note 9]*	**-**	1,233
Share issuance costs *[note 9]*	**-**	(2,450)
Cash flows provided by financing activities	**13**	28,372
Net (decrease) increase in cash during the period	**(13,382)**	9,218
Cash and cash equivalents, beginning of the period	**71,973**	6,182
Cash and cash equivalents, end of the period	**58,591**	15,400

1. DESCRIPTION OF BUSINESS

Antibe Therapeutics Inc. (the "Company" or "Antibe") was incorporated under the *Business Corporations Act* (Ontario) on May 5, 2009. On June 18, 2013, the Company completed its initial public offering and was listed on the TSX Venture Exchange. On September 15, 2014, the Company began trading in the United States on the OTCQX Exchange. On October 1, 2017, the Company changed trading platforms to the OTCQB Exchange. On November 12, 2020, the Company completed its graduation to the Toronto Stock Exchange ("TSX") and the Company's common shares (the "Common Shares") began trading on the TSX under the symbol "ATE." In connection with the Company's graduation to the TSX, concurrently, the Common Shares were voluntarily delisted from the TSX Venture Exchange. On February 16, 2021, the Company resumed trading on the OTCQX market under the symbol "ATBPF."

The Company originates, develops and out-licenses new pharmaceuticals. Antibe's lead compound, otenaproxesul (previously known as OTENAPROXESUL), combines hydrogen sulfide with naproxen, an approved, marketed and off-patent, non-steroidal, anti-inflammatory drug. The Company's main objectives are to develop otenaproxesul by satisfying the requirements of the relevant drug regulatory authorities while also satisfying the commercial licensing objectives of prospective global partners. The Company has also established a development plan for its lead compound through to the end of Phase III human clinical studies for regulatory discussion purposes. Additionally, the Company continues to investigate other research projects as well as additional development opportunities.

The Company is also, through its wholly owned subsidiary, Citagenix Inc. ("Citagenix"), a seller of tissue regenerative products servicing the orthopaedic and dental marketplaces. Citagenix's portfolio consists of branded biologics and medical devices that promote bone regeneration. Citagenix operates in Canada through its direct sales force, and in the United States and internationally via a network of distributors.

The address of the Company's registered head office and principal place of business is 15 Prince Arthur Avenue, Toronto, Ontario, Canada, M5R 1B2.

The Company was founded with an exclusive intellectual property license from Antibe Holdings Inc. ("Holdings"), a related party, to develop and commercialize the Company's pipeline drugs. The license obligated the Company to pay royalties to Holdings on future revenues derived from this intellectual property. On May 7, 2021, the Board of Directors of Antibe and Holdings agreed to combine the companies in an amalgamation transaction. Under the terms of the agreement, the Company acquired full ownership of Holdings's patent portfolio, eliminating the royalty liability on future revenues (note 4). As of the date of the amalgamation on June 3, 2021, 11.4% of the Company's Common Shares were held by the former shareholders of Holdings.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on February 11, 2022.

2. BASIS OF PRESENTATION

(a) Statement of compliance –

These unaudited condensed interim consolidated financial statements were prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended March 31, 2021. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting*. Accordingly, these unaudited condensed interim consolidated financial statements do not include all the disclosures required for annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company for the year ended March 31, 2021, which are available on SEDAR.

2. BASIS OF PRESENTATION *(continued)*

(b) Consolidation –

These unaudited condensed interim consolidated financial statements reflect the accounts of the Company. The Company operates as a single operating segment, which is the research and development of new pharmaceuticals. The assets and liabilities of Citagenix are recorded as held for sale on the December 31, 2021 statements of financial position (note 5). The results of the operations of Citagenix and BMT are recorded within loss from discontinued operations in the statements of loss and comprehensive loss (notes 3 and 5). On December 3, 2020, the Company sold its wholly owned subsidiary, BMT Medizintechnik GmbH ("BMT").

Citagenix was acquired on October 15, 2015. It was incorporated under the *Business Corporations Act* (Quebec) on December 8, 1997, and operates in Canada and the US.

All intercompany balances and transactions have been eliminated on consolidation.

For the purposes of effecting a three-cornered amalgamation with Holdings, a company incorporated in the province of Alberta, the Company established a wholly owned subsidiary, 2831094 Ontario Inc. On June 2, 2021, Holdings and 2831094 Ontario Inc. amalgamated into the resulting entity, Antibe Amalco Inc. ("Amalco"). On June 3, 2021, Amalco was vertically amalgamated into the Company (note 4).

(c) Share consolidation –

On December 1, 2020, the Company completed a share consolidation of the Company's issued and outstanding common shares on the basis of one (1) new common share for every ten (10) common shares issued and outstanding. All common shares, options, restricted share units ("RSUs"), warrants and per share amounts have been restated to give retrospective effect to the share consolidation.

(d) Going concern –

The unaudited condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As at December 31, 2021, the Company had working capital of \$61,061, incurred a net loss from continuing operations for the nine months ended December 31, 2021 of \$19,964, had negative cash flows from operations of \$13,151 and an accumulated deficit of \$105,777.

Until such time as the Company's pharmaceutical products are patented and approved for sale, the Company's liquidity requirements are dependent on its ability to raise additional capital by selling additional equity, from licensing agreements of its lead compound, from proceeds from the exercise of stock options and common share warrants or by obtaining credit facilities. The Company's future capital requirements will depend on many factors, including, but not limited to, the market acceptance of its products and services. No assurance can be given that any such additional funding will be available or that, if available, it can be obtained on terms favourable to the Company.

All of the factors above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, which assumes the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business. Management's plans to address these issues involve actively seeking capital investment and generating revenue and profit from the commercialization of its products. The Company's ability to continue as a going concern is subject to management's ability to successfully implement this plan. Failure to implement this plan could have a material adverse effect on the Company's financial condition and financial performance.

2. BASIS OF PRESENTATION *(continued)*

If the going concern assumption were not appropriate for these unaudited condensed interim consolidated financial statements, then adjustments would be necessary to the carrying value of assets and liabilities, the reported revenue and expenses, and the classifications used in the interim consolidated statements of financial position. The unaudited condensed interim consolidated financial statements do not include adjustments that would be necessary if the going concern assumption were not appropriate.

(e) Business uncertainty –

In December 2019, COVID-19 emerged in Wuhan, China. Since then, it has spread to most other countries and infections have been reported around the world. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. In response to the outbreak, governmental authorities in Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolation, sheltering-in-place and social distancing. The COVID-19 outbreak and the response of governmental authorities to try to limit it are having a significant impact on the private sector and individuals, including unprecedented business, employment and economic disruptions.

The COVID-19 pandemic has impacted the Company's business to some extent. The Company's Phase 2 trial in 2020 took an additional six weeks to complete due to factors such as the COVID-19 related closure of medical clinics, doctors becoming ill from COVID-19, and staff working from home, all of which slowed the collation of the trial data. COVID-19 particularly impacted the Company's wholly owned subsidiary, Citagenix, by causing a significant decrease in sales due to a decline in customer demand in fiscal Q1 2020. COVID-19 could further impact the Company's expected timelines, operations and the operations of its third-party suppliers, manufacturers, and Contract Research Organizations as a result of quarantines, facility closures, travel and logistics restrictions and other limitations in connection with the outbreak. The most significant risk posed by the COVID-19 pandemic is that it could also significantly impact the progress and completion of the clinical trials.

Whatever further impact, if any, the COVID-19 pandemic may have on the Company is unpredictable. The continued spread of COVID-19 nationally and globally could also lead to a deterioration of general economic conditions including a possible national or global recession. Due to the speed with which the COVID-19 situation is developing and the uncertainty of its magnitude, outcome and duration, it is not possible to estimate its future impact on the Company's business, operations or financial results; however, the impact could be material.

(f) Use of estimates –

The preparation of these unaudited condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, as at the date of the unaudited condensed interim consolidated financial statements, and the reported amount of expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in income in the period in which such adjustments become known. Significant estimates in these unaudited condensed interim consolidated financial statements include determination of eligible expenditures for investment tax credit purposes, estimation of inventory reserves, impairment of intangible assets, credit losses, R&D expenses and accruals and inputs related to the calculation of fair value of stock-based compensation and warrants.

(g) Comparative figures –

Certain reclassifications of amounts in fiscal 2021 have been made to facilitate comparison with the current year, including the classification of discontinued operations (notes 3 and 5).

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

3. SALE OF BMT

On December 3, 2020, the Company completed the sale of 100% of the shares of its wholly owned subsidiary, BMT, for cash consideration of €1 (one euro).

The results of BMT are presented in the interim consolidated statements of loss and comprehensive loss within loss from discontinued operations for the nine months ended December 31, 2020.

The results of BMT for the three and nine months ended December 2020 are presented below:

	Three months ended December 31, 2020	Nine months ended December 31, 2020
	$	$
Revenue	65	228
Cost of goods sold	19	136
Gross profit	46	92
Expenses	84	302
Impairment loss recognized on the remeasurement to fair value less costs to sell	526	1,357
Loss from discontinued operations	(564)	(1,567)

Cash flows from operations incurred by BMT for the nine months ended December 31, 2020, were negative $264 and are presented within the Company's interim consolidated statements of cash flows.

4. AMALGAMATION WITH RELATED PARTY

On May 7, 2021, the Company announced that the Boards of Directors of Antibe and Holdings agreed to combine the companies in an amalgamation transaction pursuant to which shareholders of Holdings would receive common shares of the Company in exchange for their shares of Holdings. The companies were combined in a three-cornered amalgamation transaction pursuant to which Holdings amalgamated with a newly incorporated subsidiary of the Company. This related party transaction closed on June 3, 2021.

On June 3, 2021, the Company issued an aggregate of 5,873,092 Common Shares for a total consideration of $25,980, to acquire all of the issued and outstanding shares of Holdings, following which Holdings ceased to exist. The amalgamation was accounted for as an acquisition of the underlying assets of Holdings.

The fair value of the assets acquired include $26,051 in intangible assets related to intellectual property, $65 in cash, net of amounts owed to Antibe for advances made in the quarter prior to the amalgamation, $28 in other assets, $130 in income taxes payable and $34 in other current liabilities. The fair value of the intellectual property was determined based on the relief from royalty method. The Company has also capitalized $301 of costs directly related to the amalgamation to the intellectual property acquired, all of which was paid as at September 30, 2021. The intellectual property acquired is not yet subject to amortization as it is classified as not yet available for use in accordance with the Company's accounting policies.

At the time of acquisition, these new shares accounted for approximately 11.4% of the ownership of Antibe on a post-transaction basis. Shares issued to Company insiders, who collectively owned approximately 37.5% of the outstanding shares of Holdings, are subject to lock-up agreements, with half of them released 120 days after closing and the balance to be released 240 days after closing.

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

5. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

During Q2 2022, the Company met the requirements to record Citagenix as Held for Sale and a Discontinued Operation, in accordance with IFRS 5. Citagenix is not a fit with the Company's core business of developing new drugs as a clinical stage biotechnology company.

The results of Citagenix for the three and nine months ended December 31, 2021 and 2020 are presented below:

	Three months ended December 31, 2021	Three months ended December 31, 2020	**Nine months ended December 31, 2021**	Nine months ended December 31, 2020
	$	$	$	$
Revenue	**4,064**	2,793	**9,546**	6,764
Cost of goods sold	**2,337**	1,618	**5,553**	4,254
Gross profit	**1,727**	1,175	**3,993**	2,510
Expenses	**1,357**	1,299	**3,850**	3,131
Income (Loss) before tax from discontinued operations	**370**	(124)	**143**	(621)
Provision for (recovery of) income taxes	**-**	-	**-**	-
Income (Loss) from discontinued operations	**370**	(124)	**143**	**(621)**

Within the December 31, 2021 interim consolidated statement of financial position, following the classification of Citagenix as a discontinued operation, assets held for sale were as follows:

	December 31, 2021
	$
Accounts receivable, net of allowances	**374**
Inventory	**2,582**
Prepaid and other	**84**
Intangible assets	**805**
Property, plant and equipment	**204**
Government remittances receivable	**48**
Deposits	**23**
Assets held for sale	**4,120**

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

5. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS *(continued)*

The major classes of liabilities classified as held for sale presented within the December 31, 2021 interim consolidated statement of financial position are presented below:

	December 31, 2021
	$
Accounts payable and accrued liabilities	**1,171**
Lease Liability	**160**
Liabilities associated with assets held for sale	**1,331**

Cash flow from Citagenix operations for the nine months to December 31, 2021 was $315 (2020 – ($569)). Income from discontinued operations for the three and nine months ended December 31, 2021 was $370 and $143, respectively (2020 – loss of $124 and $621, respectively).

6. TRADE AND OTHER RECEIVABLES

	December 31, 2021	March 31, 2021
	$	$
Scientific Research and Experimental Development ("SR&ED") tax credits receivable	**820**	1,131
Trade receivables, net of allowances	**-**	1,061
Harmonized Sales Tax receivable	**241**	392
	1,061	2,584
Employee advances *[note 8]*	**33**	19
	1,094	2,603

7. CREDIT FACILITY INDEBTEDNESS

On June 29, 2018, Citagenix replaced its bank operating line facility with a $2.25 million secured revolving credit facility (the "Credit Facility") provided by Bloom Burton Healthcare Lending Trust ("BBHLT"). Amounts outstanding under the Credit Facility bear interest at a rate of 7% compounded monthly, payable quarterly.

On June 29, 2020, the maturity date of the BBHLT Credit Facility, the Company paid in full the principal amount of $2,250, plus outstanding interest of $40.

8. RELATED PARTY TRANSACTIONS

Refer to note 4 for information regarding the amalgamation with Antibe Holdings Inc.

Employee cash advances as at December 31, 2021, totalled $33. Currently, the Company has one officer receiving cash advances.

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

9. SHARE CAPITAL

(a) Authorized –

The Company has an unlimited number of authorized common shares without par value.

(b) Common shares –

	Nine months ended December 31, 2021		Nine months ended December 31, 2020	
	Shares	**Amount**	Shares	Amount
		$		$
Balance, beginning of the period	**45,722,605**	**111,574**	29,368,177	49,666
Amalgamation with Holdings	**5,873,092**	**25,980**	-	-
Warrants exercised	**42,640**	**217**	1,465,203	5,122
Options exercised	**-**	**-**	539,600	2,369
Restricted share units redeemed	**234,324**	**295**	219,252	825
Prospectus June 30, 2020 (“P2020”)	**-**	**-**	7,187,500	26,041
Share issuance costs – P2020	**-**	**-**	-	(2,968)
Balance, end of the period	**51,872,661**	**138,066**	38,779,732	81,055

On June 3, 2021, the Company completed a three-cornered amalgamation transaction with Holdings. In consideration, the Company issued an aggregate of 5,873,092 Common Shares (see note 4).

The following provides additional information on the prospectus financing completed during the nine months ended December 31, 2020:

Closing date	Prospectus	Number of units/ shares issued	Number of warrants issued	Price per unit	Gross proceeds[2]	Warrant exercise price	Warrant expiry date
				$	$	$	
June 30, 2020	P2020	7,187,500[1]	2,395,833	4.00	28,750	6.00	June 30, 2022

[1]*Each unit was composed of one Common Share and one-third of one Common Share purchase warrant. Each whole warrant entitles the holder to purchase one Common Share.*

[2]*Gross proceeds have been allocated to share capital and warrants based on the residual method. Warrants were valued using the Black-Scholes-Merton option pricing model (“BSM”).*

With respect to the prospectus financing completed during the nine months ended December 31, 2020, the Company issued the following warrants to brokers:

Closing date	Prospectus	Number of broker warrants issued	Total issuance costs	Non-cash cost from issuance of warrants to brokers	Broker warrant exercise price	Broker warrant expiry date
			$	$	$	
June 30, 2020	P2020	503,125	2,131	821	4.00	June 30, 2022

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

9. SHARE CAPITAL *(continued)*

All issuance costs were offset against share capital and common share purchase warrants in proportion to the allocation of proceeds.

The following is a summary of all warrants exercised during the nine months ended December 31, 2021 and 2020:

	2021		2020	
Exercise price	**Number of warrants exercised**	**Gross proceeds**	Number of warrants exercised	Gross proceeds
$		$		$
1.50	**-**	**-**	915,650	1,374
2.50	**-**	**-**	12,300	31
3.00	**42,640**	**128**	8,100	24
3.50	**-**	**-**	272,650	954
4.00	**-**	**-**	256,503	1,026
	42,640	**128**	1,465,203	3,409

Each of the warrants entitled the bearer to purchase one Common Share of the Company.

(c) Stock options –

In connection with the Company's graduation to the TSX on November 12, 2020, and to fulfill the exchange's compliance requirements, minor changes to the Company's Stock Option Plan involving the calculation of fair market value have been put into effect. These changes received shareholder approval at the Company's last annual general meeting.

The following is a summary of all options to purchase Common Shares that are outstanding as at December 31, 2021 and 2020, as well as details on exercise prices and expiry dates:

	Nine months ended December 31, 2021		Nine months ended December 31, 2020	
	Options	**Weighted average price**	Options	Weighted average price
		$		$
Balance, beginning of the period	**1,269,035**	**2.95**	1,814,735	2.71
Granted during the period	**20,000**	**0.91**	-	-
Exercised during the period	**-**	**-**	(539,600)	2.28
Forfeited during the period	**(2,100)**	**1.92**	(47,100)	3.24
Balance, end of the period	**1,286,935**	**2.92**	1,228,035	2.88

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

9. SHARE CAPITAL *(continued)*

Number of options	Exercise price	Expiry date
	$	
20,000	3.40	April 26, 2022
35,000	3.00	August 27, 2022
15,000	5.50	October 21, 2023
66,000	4.00	January 11, 2024
80,500	6.60	March 4, 2024
20,000	0.91	November 15, 2024
36,000	1.40	July 13, 2025
158,971	1.45	March 9, 2026
10,000	1.90	January 18, 2027
816,124	2.00	March 31, 2027
15,152	4.95	April 11, 2028
4,188	4.00	May 8, 2028
10,000	2.90	March 11, 2029
1,286,935		

The number of options exercisable as at December 31, 2021, is 1,271,935 and the weighted average exercise price of these options is $2.44.

The total fair value of options not yet recognized as an expense is $8.

The following assumptions were used in the BSM to determine the fair value of stock options granted in the period:

	Nine months ended December 31, 2021
Weighted average risk-free interest rate	**1.13%**
Weighted average expected volatility	**98%**
Expected dividend yield	**-**
Weighted average expected life of options	**3 years**
Weighted average share price	**$0.88**
Weighted average exercise price	**$0.91**

(d) Restricted share unit plan –

In connection with the Company's graduation to the TSX on November 12, 2020, and to fulfill the exchange's compliance requirements, minor changes to the Company's RSU Plan involving the calculation of fair market value have been put into effect. These changes received shareholder approval at the Company's last annual general meeting.

On November 15, 2021, the Company granted 380,000 RSUs to directors, officers, employees and consultants. The total fair value of these RSUs, determined using a five-day volume weighted average share price, is $346. All RSUs are subject to a service condition: one third (1/3) of the RSUs granted will vest on each of the first, second and third anniversaries of the grant date. In the case of RSUs granted to one consultant, all RSUs vested on the grant date.

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

9. SHARE CAPITAL *(continued)*

Included in the RSUs granted on November 15, 2021, are 140,000 performance RSUs granted to key senior executives. Vesting of these RSUs is subject to the successful achievement of certain goals that are designed to reflect the successful execution of the Company's business plan and strategy. The estimated fair value of these performance RSUs, calculated using a five-day volume weighted average share price, is $127. As at December 31, 2021, it was determined that the probability and timing of achieving the performance criteria was greater than 50%, and as such, $5 was expensed during the period and included in contributed surplus.

For the nine months ended December 31, 2021, $4,569 has been included within stock-based compensation in the interim consolidated statements of loss and comprehensive loss.

The following is a summary of all RSUs for Common Shares that are outstanding as at December 31, 2021 and 2020:

	Nine months ended December 31, 2021	Nine months ended December 31, 2020
	RSUs	RSUs
Balance, beginning of the period	**3,625,574**	2,155,158
Granted during the period	**435,779**	58,000
Redeemed during the period	**(234,324)**	(219,252)
Forfeited during the period	**(6,500)**	(3,500)
Balance, end of the period	**3,820,529**	1,990,406

Based upon the share price on the date of granting, the total fair value of RSUs not yet recognized as an expense is $5,100.

(e) Common share purchase warrants –

The following is a summary of all warrants to purchase Common Shares that are outstanding as at December 31, 2021 and 2020, as well as details on exercise prices and expiry dates:

	Nine months ended December 31, 2021		Nine months ended December 31, 2020	
	Warrants	**Weighted average price**	Warrants	Weighted average price
		$		$
Balance, beginning of the period	**7,906,117**	**6.12**	2,838,785	2.90
Issued during the period	**-**	**-**	2,898,958	5.65
Exercised during the period	**(42,640)**	**3.00**	(1,465,203)	2.30
Expired during the period	**(29,386)**	**3.00**	(45,950)	1.50
Balance, end of the period	**7,834,091**	**6.15**	4,226,590	5.01

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

9. SHARE CAPITAL *(continued)*

Number of warrants	Exercise price	Expiry date
	$	
444,925	3.50	February 27, 2022
489,726	4.00	June 30, 2022
2,373,401	6.00	June 30, 2022
758,639	4.00	August 13, 2022
403,650	6.00	February 24, 2023
3,363,750	7.50	February 24, 2024
7,834,091		

The following assumptions were used in the BSM to determine the fair value of warrants issued during the nine months ended December 31, 2020:

	Nine months ended December 31, 2020
Weighted average risk-free interest rate	0.28%
Weighted average expected volatility	70%
Expected dividend yield	0.00%
Weighted average expected life of warrants	2 years
Weighted average share price	$0.42
Weighted average exercise price	$0.57

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. All unexercised share options and warrants were excluded from calculating diluted loss per share as the effect of their issuance would be anti-dilutive.

11. RESEARCH AND DEVELOPMENT EXPENSES

The nature of the research and development expenses for the nine months ended December 31, 2021 and 2020, is summarized as follows:

	2021	2020
	$	$
Salaries and wages	**1,925**	1,301
Professional and consulting fees	**325**	382
Research and clinical trial costs	**8,784**	9,406
SR&ED rebate	**(86)**	(781)
Total research and development expenses	**10,948**	10,308

Non-refundable advance payments for goods and services that will be used or rendered in future research and development activities are recorded as a prepaid expense and recognized as an expense within “Research and clinical trial costs” in the period that the related goods are consumed or services are performed. As at December 31, 2021, $653 (2020 – 1,894) was recorded as a prepaid expense.

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

12. STOCK-BASED COMPENSATION

The function of the stock-based compensation expense for the nine months ended December 31, 2021 and 2020, is summarized as follows:

	2021	2020
	$	$
General and administrative	**3,090**	1,759
Research and development	**1,583**	757
Total stock-based compensation	**4,673**	2,516

13. GENERAL AND ADMINISTRATIVE EXPENSES

The nature of the general and administrative expenses for the nine months ended December 31, 2021 and 2020, is summarized as follows:

	2021	2020
	$	$
Salaries and wages	**1,432**	1,177
Professional and consulting fees	**2,240**	3,441
Office expenses	**346**	311
Other expenses	**255**	388
Total general and administrative expenses	**4,273**	5,317

14. SELLING AND MARKETING EXPENSES

The nature of the selling and marketing expenses for the nine months ended December 31, 2021 and 2020, is summarized as follows:

	2021	2020
	$	$
Advertising and promotion	**121**	48
Travel and entertainment	**60**	39
Total selling and marketing expenses	**181**	87

15. FINANCE AND RELATED COSTS (INCOME)

The components of the finance and related costs (income) for the nine months ended December 31, 2021 and 2020, are as follows:

	2021	2020
	$	$
Interest and bank charges	**6**	6
Foreign currency transactions	**(1)**	(61)
Total finance and related costs	**5**	(55)

(Expressed in thousands of Canadian dollars, except share and per share amounts and where noted)

16. CAPITAL RISK MANAGEMENT

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the research, development and patent of drugs. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity.

The Company includes the following in its definition of capital: share capital, common share purchase warrants, contributed surplus and accumulated deficit, which, for the nine months ended December 31, 2021, total $61,224 (March 31, 2021 – $50,264). The Company is not subject to externally imposed capital requirements.

17. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities: credit risk, liquidity risk, foreign currency risk and interest rate risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance.

Risk management is carried out by the officers of the Company as discussed with the Board of Directors. The officers of the Company are charged with the responsibility of establishing controls and procedures to ensure that financial risks are mitigated in accordance with the expectation of the Board of Directors as follows:

Credit risk

The Company's credit risk is primarily attributable to trade and other receivables and the excess of cash held in one financial institution over the deposit insurance by Canadian Deposit Insurance Corporation. The Company, in the normal course of operations, monitors the financial condition of its customers.

The Company establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its customers, historical trends and economic conditions.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Officers of the Company are actively involved in the review and approval of planned expenditures, including actively seeking capital investment and generating revenue and profit from the commercialization of its products (note 2(d)).

As at December 31, 2021, the Company's financial obligations, including applicable interest, are due as follows:

	Less than 1 year	1–2 years	After 2 years	Total
	$	$	$	$
Accounts payable and accrued liabilities	2,276	-	-	2,276
Income tax payable	4	-	-	4
Liabilities directly associated with assets held for sale	1,331	-	-	1,331
	3,611	-	-	3,611

17. FINANCIAL RISK MANAGEMENT *(continued)*

Foreign currency risk

The functional and reporting currency of the Company is the Canadian dollar. The Company undertakes transactions denominated in foreign currencies, including US dollars and euros, and, as such, is exposed to currency risk due to fluctuations in foreign exchange rates against the Canadian dollar. The Company does not use derivative instruments to reduce exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and financial liabilities with variable interest rates expose the Company to cash flow interest rate risk.

18. DEFERRED REVENUE

On February 24, 2017, Antibe entered into an exclusive long-term license and distribution agreement ("License Agreement 1") with Laboratoires Acbel SA ("Acbel") for otenaproxesul in Albania, Algeria, Bulgaria, Greece, Jordan, Romania and Serbia (the "Territory"). Acbel is an affiliated holding company of Galenica SA in Greece. Under the terms of License Agreement 1, Antibe was issued an upfront payment of €800 (CAD$1,142) and is entitled to receive a 5% royalty on net sales of otenaproxesul in the Territory. The upfront revenue is reflected in deferred revenue until the point that Acbel can benefit from the license.

On September 4, 2018, Antibe entered into an exclusive licensing agreement ("License Agreement 2") with Kwangdong Pharmaceutical Co., Ltd ("Kwangdong") for the development and commercialization of otenaproxesul in the Republic of Korea ("Region"). Under the terms of License Agreement 2, Antibe was issued an upfront payment of US$1,000 (CAD$1,316), which is reflected in deferred revenue until the point that Kwangdong can benefit from the license. Under the terms of License Agreement 2, Antibe will be entitled to receive US$9 million in milestone payments. Fees paid to an agent used in obtaining License Agreement 2 have been recorded as deferred contract costs on the interim consolidated statements of financial position in the amount of $236 as at December 31, 2021.

On February 9, 2021, Antibe entered into an exclusive licensing agreement ("License Agreement 3") with Nuance Pharma ("Nuance") for the development and commercialization of otenaproxesul in the Greater China region. The license provides Nuance with exclusive rights to commercialize otenaproxesul in China, Hong Kong, Macau, and Taiwan (the "Sector"). Under the terms of the agreement, Antibe was issued an upfront payment of US$20 million (CAD$25,231), which is reflected in deferred revenue until the point at which Nuance can benefit from the license. Additionally, Antibe will receive a double-digit royalty on net sales in the Sector and is entitled to receive US$80 million in development and sales milestones. Fees paid to an agent used in obtaining License Agreement 3 have been recorded as deferred contract costs on the consolidated statements of financial position in the amount of $1,047 as at December 31, 2021.

The amount of the upfront payments for all licenses is included on the interim consolidated statements of financial position as deferred revenue and will be recorded through the interim consolidated statements of loss and comprehensive loss at the same point when the license revenue is recognized.

19. COMMITMENTS AND CONTINGENCIES

(a) Royalty and milestone commitment –

On December 22, 2009, the Company entered into a License Agreement with Holdings that provided for the exclusive right and license to research, develop and commercialize various patents. Pursuant to the agreement, the Company paid an upfront non-refundable license fee of $150 to obtain exclusive right to the patents. The agreement required the Company to pay royalties of 4% of all net sales upon the first commercial sale or, if the Company sublicenses the patents, the Company would pay a 15% royalty on royalty revenue earned. Additionally, the Company was required to make milestone payments to Holdings at various stages of development.

On June 3, 2021, the Company completed an amalgamation with Holdings whereby the Company issued 5,873,092 Antibe common shares to Holdings's shareholders and the Company obtained all the assets and liabilities of Holdings, effectively ending this License Agreement (note 4).

(b) Royalty agreement –

On November 16, 2015, the Company announced the signing of an exclusive long-term license and distribution agreement with Knight Therapeutics Inc. ("Knight"), a leading Canadian specialty pharmaceutical company, for the Company's anti-inflammatory and pain drugs, otenaproxesul, ATB-352 and ATB-340, as well as the rights to other, future prescription drugs. Under the terms of the license agreement, the Company has granted Knight the exclusive commercial rights for the Company's drug candidates and other future prescription drugs in Canada, Israel, Russia and sub-Saharan Africa. The Company is entitled to royalties on annual sales, along with the potential for $10 million in payments for sales-based milestones.

The Company received no royalties from Knight in the nine months ended December 31, 2021.