ANTIBE THERAPEUTICS INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended December 31, 2022 and 2021

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Financial Position
As at December 31, 2022 and March 31, 2022
(Expressed in thousands of Canadian dollars)
(Unaudited)

	December 31, 2022	March 31, 2022
	$	$
ASSETS		
Current		
Cash	**10,529**	34,807
Term deposits *[note 5]*	**31,826**	20,000
Other receivables *[note 6]*	**1,591**	1,157
Prepaid expenses *[note 10]*	**580**	768
Assets held for sale *[note 4]*	**-**	4,632
Total current assets	**44,526**	61,364
Non-current assets		
Deferred contract costs *[note 17]*	**1,283**	1,283
Loan receivable *[note 7]*	**159**	159
Deferred consideration receivable *[note 4]*	**1,409**	-
Intangible assets *[note 3]*	**26,352**	26,352
Total non-current assets	**29,203**	27,794
TOTAL ASSETS	**73,729**	89,158
LIABILITIES		
Current		
Accounts payable and accrued liabilities	**2,835**	2,816
Liabilities directly associated with assets held for sale *[note 4]*	**-**	1,878
Total current liabilities	**2,835**	4,694
Non-current liabilities		
Deferred revenue *[note 17]*	**27,631**	27,631
Total non-current liabilities	**27,631**	27,631
TOTAL LIABILITIES	**30,466**	32,325
SHAREHOLDERS' EQUITY		
Share capital	**140,865**	139,547
Common share purchase warrants *[note 8(c)]*	**10,264**	10,264
Contributed surplus	**19,077**	18,038
Deficit	**(126,943)**	(111,016)
TOTAL SHAREHOLDERS' EQUITY	**43,263**	56,833
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**73,729**	89,158

Commitments and contingencies *[note 18]*

(Signed) Daniel Legault Daniel Legault, Director
(Signed) Robert Hoffman Robert Hoffman, Director

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended December 31, 2022 and 2021
(Expressed in thousands of Canadian dollars, except share and per share amounts)
(Unaudited)

	Three months ended December 31, 2022	Three months ended December 31, 2021	**Nine months ended December 31, 2022**	Nine months ended December 31, 2021
	$	$	$	$
EXPENSES				
Research and development *[note 10]*	**2,231**	2,479	**9,917**	10,948
General and administrative *[note 11]*	**1,555**	1,285	**4,415**	4,273
Stock-based compensation *[note 12]*	**809**	1,430	**2,357**	4,673
Selling and marketing *[note 13]*	**67**	40	**275**	181
Total expenses	**4,662**	5,234	**16,964**	20,075
LOSS FROM CONTINUING OPERATIONS	**(4,662)**	(5,234)	**(16,964)**	(20,075)
Finance and related costs (income) *[note 14]*	**2**	17	**89**	5
Finance income	**(459)**	(32)	**(998)**	(116)
NET LOSS FROM CONTINUING OPERATIONS	**(4,205)**	(5,219)	**(16,055)**	(19,964)
DISCONTINUED OPERATIONS				
Income (loss) from discontinued operations *[note 4]*	**(111)**	370	**128**	143
NET LOSS AND COMPREHENSIVE LOSS	**(4,316)**	(4,849)	**(15,927)**	(19,821)
Basic and diluted loss per share *[note 9]*	**(0.08)**	(0.09)	**(0.30)**	(0.39)
Basic and diluted weighted average number of shares outstanding *[note 9]*	**52,320,976**	51,822,023	**52,188,528**	50,354,256

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Changes in Shareholders' Equity
For the Nine Months Ended December 31, 2022 and 2021
(Expressed in thousands of Canadian dollars, except share amounts)
(Unaudited)

	Number of Common Shares	Share capital	Common Share purchase warrants	Contributed surplus	Deficit	Total shareholders' equity
		$	$	$	$	$
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 *[note 8(b)]*	234,324	295	-	(295)	-	-
Shares issued on amalgamation with Antibe Holdings Inc. *[notes 3 and 7]*	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
Balance, March 31, 2022	52,099,276	139,547	10,264	18,038	(111,016)	56,833
Shares issued for redeemed restricted share units *[note 8(b)]*	**369,533**	**1,318**	**-**	**(1,318)**	**-**	**-**
Stock-based compensation	**-**	**-**	**-**	**2,357**	**-**	**2,357**
Net loss from continuing operations for the period	**-**	**-**	**-**	**-**	**(16,055)**	**(16,055)**
Income from discontinued operations	**-**	**-**	**-**	**-**	**128**	**128**
Balance, December 31, 2022	**52,468,809**	**140,865**	**10,264**	**19,077**	**(126,943)**	**43,263**

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Cash Flows
For the Nine Months Ended December 31, 2022 and 2021
(Expressed in thousands of Canadian dollars)
(Unaudited)

	2022	2021
	$	$
OPERATING ACTIVITIES		
Net loss from continuing operations for the period	**(16,055)**	(19,964)
Income from discontinued operations *[note 4]*	**128**	143
Items not affecting cash:		
Stock-based compensation *[notes 8 and 12]*	**2,357**	4,673
Accretion interest	**(18)**	-
Depreciation of property and equipment	**-**	180
Amortization of intangible assets	**-**	18
Interest on capitalized lease payments	**4**	15
Loss on sale of Citagenix Inc. *[note 4]*	**98**	-
	(13,486)	(14,935)
Changes in non-cash balances:		
Other receivables	**552**	1,105
Inventory	**(239)**	(424)
Prepaid expenses	**200**	1,425
Accounts payable and accrued liabilities	**(208)**	(196)
Income tax payable	**-**	(126)
Deferred tax liability	**260**	-
Net change in non-cash balances	**565**	1,784
Cash flows used in operating activities	**(12,921)**	(13,151)
INVESTING ACTIVITIES		
Purchase of term deposits	**(38,125)**	-
Redemption of term deposits	**26,299**	-
Transaction costs on acquisition of assets, net of cash acquired *[note 3]*	**-**	(236)
Sale of subsidiary net of Citagenix cash sold *[note 4]*	**559**	-
Purchase of equipment	**(11)**	(8)
Cash flows used in investing activities	**(11,278)**	(244)
FINANCING ACTIVITIES		
Lease payments	**(78)**	(113)
Increase in loan receivable	**(1)**	(2)
Proceeds from warrants	**-**	128
Cash flows provided by (used in) financing activities	**(79)**	13
Net decrease in cash during the period	**(24,278)**	(13,382)
Cash beginning of the period	**34,807**	71,973
Cash end of the period	**10,529**	58,591

See accompanying notes to the interim consolidated financial statements

1. DESCRIPTION OF BUSINESS

Antibe Therapeutics Inc. (the “Company” or “Antibe”) was incorporated under the *Business Corporations Act* (Ontario) on May 5, 2009. The Company’s common shares (the “Common Shares”) trade on the Toronto Stock Exchange (“TSX”) under the symbol “ATE”, and 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 ATB-346), combines a moiety that releases 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 was 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. On November 1, 2022, the Company completed the sale of Citagenix to HANSAmed Limited (see note 4).

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’ patent portfolio, eliminating the royalty liability on future revenues (note 3). 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 14, 2023.

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, 2022. 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, 2022, which are available on SEDAR. Several amendments apply for the first time in 2022, but do not have an impact on the unaudited condensed interim consolidated financial statements of the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(b) Consolidation –

These unaudited condensed interim consolidated financial statements reflect the accounts of the Company and its previously wholly owned subsidiary, Citagenix.

2. BASIS OF PRESENTATION *(continued)*

Prior to November 1, 2022, the Company operated as two operating segments: Antibe (research and development of new pharmaceuticals) and Citagenix (a seller of tissue regenerative products servicing the orthopaedic and dental marketplaces). On November 1, 2022, the Company closed the sale of Citagenix.

The results of the operations of Citagenix to November 1, 2022 are recorded within income from discontinued operations in the interim consolidated statements of loss and comprehensive loss (note 4).

All intercompany balances and transactions have been eliminated on consolidation.

(c) 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, 2022, the Company incurred a net loss from continuing operations for the nine months ended December 31, 2022 of $16,055, had negative cash flows from operations of $12,921 and an accumulated deficit of $126,943.

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 purchase 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.

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.

(d) Business uncertainty –

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. While the Company believes the current conditions related to the COVID-19 pandemic to be improving, the situation is dynamic and the impact of COVID-19 on its future results of operations and financial condition cannot be reasonably estimated at this time. The Company continues to evaluate the situation and monitor any impacts or potential impacts to its business.

2. BASIS OF PRESENTATION *(continued)*

(e) 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 consolidated financial statements, and the reported amounts 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 year in which such adjustments become known. Significant estimates in these unaudited condensed interim consolidated financial statements include the impairment of intangible assets not yet subject to amortization, the completeness of the accrual for research and clinical trial expenses, and inputs related to the calculation of stock-based compensation expense.

3. 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 included $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 also capitalized $301 of costs directly related to the amalgamation of the intellectual property acquired. 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, were subject to lock-up agreements, with half of them released 120 days after closing and the balance released 240 days after closing.

4. DISCONTINUED OPERATIONS

On May 2, 2022, the Company announced the signing of a binding agreement to sell its Citagenix subsidiary. The $6,500 transaction involves a guaranteed $3,500 divided into four equal payments over three years, the first of which will be received upon closing. The remaining $3,000 is subject to Citagenix achieving sales milestones over the three-year period following closing. The transaction closed on November 1, 2022. In accordance with the agreement, the Company received proceeds totaling approximately $1,395 offset by transaction costs, comprising the first of the four guaranteed payments of $875 and an adjustment of approximately $520 in estimated excess working capital. Under the terms of the agreement, the $250 deposit from the purchaser previously held in escrow was released at closing and included in the $875 payment. Subsequent to quarter end, the agreement was amended to include an additional $1,000 of contingent consideration and a one year extension, bringing the total consideration to $7,500. The fair value of the guaranteed payments as of November 1, 2022 was determined to be approximately $2,255 using a discount rate of 10%.

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

4. DISCONTINUED OPERATIONS *(continued)*

The results of Citagenix to November 1, 2022 are presented in the interim consolidated statements of loss and comprehensive loss as income from discontinued operations for the three and nine months ended December 31, 2022 and 2021. The Company has also derecognized the related assets and liabilities with the resulting gain recognized within income (loss) from discontinued operations.

The results of Citagenix for three and nine months ended December 31, 2022 and 2021 are presented below:

	Three months ended December 31, 2022	Three months ended December 31, 2021	**Nine months ended December 31, 2022**	Nine months ended December 31, 2021
	$	$	$	$
Revenue	**965**	4,064	**6,987**	9,546
Cost of goods sold	**379**	2,337	**3,945**	5,553
Gross profit	**586**	1,727	**3,042**	3,993
Expenses	**599**	1,357	**2,556**	3,850
Loss on sale of CGX	**98**	-	**98**	-
Income (loss) before tax from discontinued operations	**(111)**	370	**388**	143
Provision for income taxes	**-**	-	**260**	-
Income (loss) from discontinued operations	**(111)**	370	**128**	143

The major classes of assets on the day of sale and as at March 31, 2022 are presented below:

	November 1, 2022	March 31, 2022
	$	$
Cash	**836**	-
Accounts receivable, net of allowances	**1,054**	1,176
Inventory	**2,495**	2,259
Prepaid expenses	**53**	64
Intangible assets	**804**	804
Property and equipment	**317**	305
Deposits	**7**	24
Assets held for sale	**5,566**	4,632

The major classes of liabilities on the day of sale and as at March 31, 2022 are presented below:

	November 1, 2022	March 31, 2022
	$	$
Accounts payable and accrued liabilities	**1,525**	1,753
Deferred income tax	**260**	-
Lease liability	**51**	125
Liabilities associated with assets held for sale	**1,836**	1,878

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

4. DISCONTINUED OPERATIONS *(continued)*

Cash flow provided by Citagenix operating activities for the seven months to November 1, 2022 was $175 (for the nine months ended December 31, 2021– $315).

5. TERM DEPOSITS

As at December 31, 2022, the Company held investments of $31,826 in five separate Canadian currency GICs having terms of six, nine and twelve months, and one USD currency GIC having a term of nine months. Interest rates range from 2.35% to 5.25%.

6. TRADE AND OTHER RECEIVABLES

	December 31, 2022	March 31, 2022
	$	$
Scientific Research and Experimental Development (“SR&ED”) tax credits receivable	**46**	774
Deferred consideration receivable	**875**	-
Interest receivable	**396**	3
Harmonized Sales Tax receivable	**236**	344
	1,553	1,121
Employee advances *[note 7]*	**38**	36
	1,591	1,157

7. RELATED PARTY TRANSACTIONS

On December 3, 2020, the Company completed the sale of 100% of the shares of its wholly owned subsidiary, BMT Medizintechnik GmbH, for cash consideration of €1 (one euro). Antibe has provided a loan to the purchaser in the amount of $157 (€100 thousand) for working capital purposes. The maturity date for the loan has been extended to December 3, 2024, and bears interest at an annual rate of 5%, payable quarterly.

Refer to note 3 for information regarding the amalgamation with Antibe Holdings Inc.

Employee cash advances as at December 31, 2022, totalled $38 (March 31, 2022 - $36). Currently, the Company has one officer receiving cash advances.

8. SHARE CAPITAL

(a) Stock options –

On November 15, 2022, the Company granted options of 222,500 common shares with an exercise price of $0.48 per share to its directors, officers, employees, and certain consultants. The total fair value of these options, calculated using the BSM, is $105. All options are subject to a service condition: one third (1/3) of the options granted will vest on each of the first, second and third anniversaries of the grant date.

On November 15, 2022, the Company also granted 117,500 performance options to key senior executives. Vesting of these options 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 options, calculated using the BSM, is $56. As at December 31, 2022, it was determined that the probability and timing of achieving the performance criteria was greater than 50%, and as such, $3 was expensed during the period and included in contributed surplus.

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

8. SHARE CAPITAL *(continued)*

For the nine months ended December 31, 2022, $16 has been included within stock-based compensation in the interim consolidated statements of loss and comprehensive loss.

The following is a summary of all options to purchase Common Shares that are outstanding as at December 31, 2022 and 2021, as well as details on exercise prices and expiry dates:

	Nine months ended December 31, 2022		Nine months ended December 31, 2021	
	Options	**Weighted average price**	Options	Weighted average price
		$		$
Balance, beginning of the period	**1,274,435**	**2.93**	1,269,035	2.95
Granted during the period	**340,000**	**0.48**	20,000	0.91
Forfeited during the period	**(57,412)**	**3.34**	(2,100)	1.92
Balance, end of the period	**1,557,023**	**1.73**	1,286,935	2.92

Number of options	**Exercise price**	**Expiry date**
	$	
15,000	5.50	October 21, 2023
66,000	0.68	January 11, 2024
80,500	6.60	March 4, 2024
20,000	0.91	November 15, 2024
36,000	1.40	July 13, 2025
1,700	0.68	March 9, 2026
156,272	1.45	March 9, 2026
10,000	0.68	January 18, 2027
115,211	0.68	March 31, 2027
687,000	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
340,000	0.48	November 15, 2032
1,557,023		

The number of options exercisable as at December 31, 2022, is 1,217,023 and the weighted average exercise price of these options is $2.08.

The total fair value of options not yet recognized as an expense is $150.

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

8. SHARE CAPITAL *(continued)*

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, 2022	Nine months ended December 31, 2021
Weighted average risk-free interest rate	**3.13%**	1.13%
Weighted average expected volatility	**122%**	98%
Expected dividend yield	**-**	-
Weighted average expected life of options	**10 years**	3 years
Weighted average share price	**$0.50**	$0.88
Weighted average exercise price	**$0.48**	$0.91

(b) Restricted share unit plan –

The following is a summary of all RSUs for Common Shares that are outstanding as at December 31, 2022 and 2021:

	Nine months ended December 31, 2022	Nine months ended December 31, 2021
	RSUs	RSUs
Balance, beginning of the period	**2,438,445**	3,625,574
Granted during the period	**-**	435,779
Redeemed during the period	**(369,533)**	(234,324)
Forfeited during the period	**(5,083)**	(6,500)
Balance, end of the period	**2,063,829**	3,820,529

Based on the share price on the date of granting, the total fair value of RSUs not yet recognized as an expense is $1,719. During the quarter the Company also deemed the RSUs granted to Citagenix employees to be vested. This resulted in an acceleration of the related stock-based compensation expense of $130.

For the three and nine months ended December 31, 2022, $798 and $2,341, respectively, have been included within stock-based compensation in the interim consolidated statements of loss and comprehensive loss.

(c) Common share purchase warrants –

On June 15, 2022, the Company announced that it is extending the expiry date (the "Warrant Extension") and amending the exercise price (the "Amended Exercise Price") of 3,117,957 Common Share purchase warrants ("Warrants") of the Company.

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

8. SHARE CAPITAL *(continued)*

The Warrants, pursuant to the Warrant Extension, will expire on December 31, 2023 and, pursuant to the Amended Exercise Price, be exercisable into a Common Share of the Company at $1.80 per Common Share, as depicted in the table below:

Issue Date	Number of Warrants	Issued Exercise Price	Amended Exercise Price	Original Expiry Date	Amended Expiry Date	Effective Date
June 30, 2020	2,373,401	$6.00	$1.80	June 30, 2022	December 31, 2023	June 30, 2022
August 13, 2019	748,555	$4.00	$1.80	August 13, 2022	December 31, 2023	June 30, 2022

None of the Warrants are held by insiders of the Company.

The Toronto Stock Exchange has approved the Warrant Extension and Amended Exercise Price with an effective date for the amendments of June 30, 2022. These amendments had no impact to the presentation of shareholders' equity since the Company's accounting policy is to not record an adjustment to shareholders' equity when the warrants continue to be classified as equity under IAS 32.

The following is a summary of all warrants to purchase Common Shares that are outstanding as at December 31, 2022 and 2021, as well as details on exercise prices and expiry dates:

	Nine months ended December 31, 2022		Nine months ended December 31, 2021	
	Warrants	**Weighted average price**	Warrants	Weighted average price
		$		$
Balance, beginning of the period	**7,389,166**	**6.31**	7,906,117	6.12
Exercised during the period	**-**	**-**	(42,640)	3.00
Expired during the period	**(499,810)**	**3.96**	(29,386)	3.00
Balance, end of the period	**6,889,356**	**4.83**	7,834,091	6.15

The weighted average price for the nine months ended December 31, 2022 includes the above-mentioned amended exercise price of warrants granted June 30, 2020 and August 13, 2019.

Number of warrants	**Exercise price**	**Expiry date**
	$	
403,650	6.00	February 24, 2023
3,121,956	1.80	December 31, 2023
3,363,750	7.50	February 24, 2024
6,889,356		

9. 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.

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

10. RESEARCH AND DEVELOPMENT EXPENSES

The nature of the research and development expenses for the three and nine months ended December 31, 2022 and 2021, is summarized as follows:

	Three months ended December 31, 2022	Three months ended December 31, 2021	**Nine months ended December 31, 2022**	Nine months ended December 31, 2021
	$	$	$	$
Salaries and wages	**354**	480	**1,552**	1,925
Professional and consulting fees	**275**	74	**1,213**	325
Research and clinical trial costs	**1,594**	1,925	**7,144**	8,784
SR&ED rebate	**8**	-	**8**	(86)
Total research and development expenses	**2,231**	2,479	**9,917**	10,948

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, 2022, $274 (March 31, 2022 – $569) was recorded as a prepaid expense.

11. GENERAL AND ADMINISTRATIVE EXPENSES

The nature of the general and administrative expenses for the three and nine months ended December 31, 2022 and 2021, is summarized as follows:

	Three months ended December 31, 2022	Three months ended December 31, 2021	**Nine months ended December 31, 2022**	Nine months ended December 31, 2021
	$	$	$	$
Salaries and wages	**385**	312	**1,450**	1,432
Professional and consulting fees	**1,036**	798	**2,515**	2,240
Office expenses	**89**	135	**251**	346
Other expenses	**45**	40	**199**	255
Total general and administrative expenses	**1,555**	1,285	**4,415**	4,273

(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 three and nine months ended December 31, 2022 and 2021, is summarized as follows:

	Three months ended December 31, 2022	Three months ended December 31, 2021	**Nine months ended December 31, 2022**	Nine months ended December 31, 2021
	$	$	$	$
General and administrative	**543**	938	**1,526**	3,090
Research and development	**266**	492	**831**	1,583
Total stock-based compensation	**809**	1,430	**2,357**	4,673

13. SELLING AND MARKETING EXPENSES

The nature of the selling and marketing expenses for the three and nine months ended December 31, 2022 and 2021, is summarized as follows:

	Three months ended December 31, 2022	Three months ended December 31, 2021	**Nine months ended December 31, 2022**	Nine months ended December 31, 2021
	$	$	$	$
Advertising and promotion	**5**	1	**68**	121
Travel and entertainment	**62**	39	**207**	60
Total selling and marketing expenses	**67**	40	**275**	181

14. FINANCE AND RELATED COSTS (INCOME)

The components of the finance and related costs (income) for the three and nine months ended December 31, 2022 and 2021, are as follows:

	Three months ended December 31, 2022	Three months ended December 31, 2021	**Nine months ended December 31, 2022**	Nine months ended December 31, 2021
	$	$	$	$
Interest and bank charges	**2**	2	**6**	6
Foreign currency transactions	**-**	15	**83**	(1)
Total finance and related costs	**2**	17	**89**	5

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

15. 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, 2022, totalled $43,263 (March 31, 2022 – $56,833). The Company is not subject to externally imposed capital requirements.

16. 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 other receivables and the excess of cash held in one financial institution over the deposit insurance limit set by the Canadian Deposit Insurance Corporation.

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(c)).

As at December 31, 2022, 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	2,835	-	-	2,835

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. The Company is not currently incurring any debt and is therefore not exposed to changes in interest rates.

17. 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, 2022 (March 31, 2022 - $236).

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 interim consolidated statements of financial position in the amount of $1,047 as at December 31, 2022 (March 31, 2022 - $1,047).

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

18. COMMITMENTS AND CONTINGENCIES

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, 2022.

In the normal course of business, the Company could be the subject of litigation or other potential claims. While management assesses the merits of each lawsuit and defends itself accordingly, the Company may be required to incur significant expenses or devote significant resources to defending itself against litigation.