



ANTIBE THERAPEUTICS INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended June 30, 2020 and 2019

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Financial Position
As at June 30, 2020 and March 31, 2020
(Expressed in thousands of Canadian Dollars)
(Unaudited)

	June 30, 2020	March 31, 2020
	\$	\$
ASSETS		
Current		
Cash	30,752	6,182
Term deposits	25	25
Trade and other receivables [note 4]	1,915	1,332
Inventory	3,354	3,424
Prepaid expenses	205	162
Due from Antibe Holdings Inc. [note 6]	384	382
Total current assets	<u>36,635</u>	<u>11,507</u>
Non-current assets		
Property and equipment, net	252	303
Deposits	20	20
Deferred contract costs	236	236
Intangible assets, net	1,685	1,772
Total non-current assets	<u>2,193</u>	<u>2,331</u>
TOTAL ASSETS	<u>38,828</u>	<u>13,838</u>
LIABILITIES		
Current		
Bank indebtedness	14	4
Accounts payable and accrued liabilities	5,500	5,262
Current portion of loan payable [note 5]	-	2,214
Current portion of lease liability	82	115
Total current liabilities	<u>5,596</u>	<u>7,595</u>
Non-current liabilities		
Deferred revenue	2,399	2,399
Lease liability	56	65
Total non-current liabilities	<u>2,455</u>	<u>2,464</u>
TOTAL LIABILITIES	<u>8,051</u>	<u>10,059</u>
SHAREHOLDERS' EQUITY		
Share capital [note 7(b)]	80,208	49,666
Common share purchase warrants [note 7(b)]	3,355	2,626
Contributed surplus	11,790	11,142
Accumulated other comprehensive income	4	18
Deficit	(64,580)	(59,673)
TOTAL SHAREHOLDERS' EQUITY	<u>30,777</u>	<u>3,779</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>38,828</u>	<u>13,838</u>

(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 Months Ended June 30, 2020 and 2019**

(Expressed in thousands of Canadian Dollars, except per share amounts)
(Unaudited)

	2020	2019
	\$	\$
REVENUE		
Product sales	1,229	2,763
COST OF SALES	716	1,726
GROSS PROFIT	513	1,037
EXPENSES		
Research and development <i>[note 12]</i>	2,091	905
General and administrative <i>[note 10]</i>	1,754	1,147
Stock-based compensation <i>[note 13]</i>	1,007	1,058
Selling and marketing <i>[note 11]</i>	441	960
Amortization and depreciation	138	143
Total expenses	5,431	4,213
LOSS FROM OPERATIONS	(4,918)	(3,176)
Finance and related costs <i>[note 14]</i>	(8)	125
Finance income	(8)	(20)
LOSS BEFORE INCOME TAXES	(4,902)	(3,281)
PROVISION FOR INCOME TAXES		
Deferred	5	4
Total provision for income taxes	5	4
NET LOSS FOR THE PERIOD	(4,907)	(3,285)
OTHER COMPREHENSIVE LOSS		
Exchange differences on translation of foreign operations subject to future reclassification	(14)	(10)
COMPREHENSIVE LOSS	(4,921)	(3,295)
Basic and diluted loss per share <i>[note 8]</i>	(0.02)	(0.01)
Basic and diluted weighted average number of shares outstanding <i>[note 8]</i>	302,862,270	244,450,976

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Changes in Shareholders' Equity
For the Three Months Ended June 30, 2020 and 2019
(Expressed in thousands of Canadian Dollars)
(Unaudited)

	Number of common shares	Share capital	Common share purchase warrants	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
		\$	\$	\$	\$	\$	\$
Balance, March 31, 2019	243,392,476	36,986	2,757	8,034	(5)	(40,332)	7,440
Shares issued for exercised warrants	1,668,023	330	(144)	-	-	-	186
Shares issued for exercised options	12,000	3	-	(1)	-	-	2
Shares issued for vested restricted share units	233,335	55	-	943	-	-	998
Stock-based compensation	-	-	-	59	-	-	59
Net loss for the period	-	-	-	-	-	(3,285)	(3,285)
Exchange differences on translation of foreign operations	-	-	-	-	(10)	-	(10)
Balance, June 30, 2019	245,305,834	37,374	2,613	9,035	(15)	(43,617)	5,390
Balance, March 31, 2020	293,681,767	49,666	2,626	11,142	18	(59,673)	3,779
Shares issued	71,875,000	26,041	2,709	-	-	-	28,750
Share issuance costs	-	(2,911)	(302)	821	-	-	(2,392)
Shares issued for exercised warrants	14,421,033	5,010	(1,678)	-	-	-	3,332
Shares issued for exercised options	5,334,500	2,346	-	(1,124)	-	-	1,222
Shares issued for vested restricted share units	150,001	56	-	931	-	-	987
Stock-based compensation	-	-	-	20	-	-	20
Net loss for the period	-	-	-	-	-	(4,907)	(4,907)
Exchange differences on translation of foreign operations	-	-	-	-	(14)	-	(14)
Balance, June 30, 2020	385,462,301	80,208	3,355	11,790	4	(64,580)	30,777

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Cash Flows
For the Three Months Ended June 30, 2020 and 2019
(Expressed in thousands of Canadian Dollars)
(Unaudited)

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	(4,907)	(3,285)
Items not affecting cash:		
Stock-based compensation <i>[note 13]</i>	1,007	1,058
Accretion interest <i>[note 14]</i>	36	36
Depreciation of property and equipment	52	57
Amortization of intangible assets	86	86
Interest on capitalized lease payments	4	9
	<u>(3,722)</u>	<u>(2,039)</u>
Changes in non-cash working capital:		
Trade and other receivables <i>[note 4]</i>	(583)	113
Inventory	70	(129)
Prepaid expenses	(44)	47
Accounts payable and accrued liabilities	238	(230)
	<u>(319)</u>	<u>(199)</u>
Cash flows used in operating activities	<u>(4,041)</u>	<u>(2,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Red Rock Regeneration Inc. convertible debenture	-	100
Cash flows used in investing activities	<u>-</u>	<u>100</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to Antibe Holdings Inc. <i>[note 6]</i>	(1)	(21)
Capitalized lease payments	(46)	(49)
Repayment of long-term debt	(2,250)	-
Net change to bank indebtedness	10	-
Issuances:		
Gross proceeds from shares and warrant issuance <i>[note 7]</i>	28,750	-
Proceeds from exercised warrants <i>[note 7]</i>	3,332	186
Proceeds from exercised options <i>[note 7]</i>	1,222	2
Share issuance costs <i>[note 7]</i>	(2,392)	-
Cash flows provided by financing activities	<u>28,625</u>	<u>118</u>
Net increase (decrease) in cash during the period	24,584	(2,020)
Foreign exchange loss on translation	(14)	(10)
Cash, beginning of the period	6,182	5,993
Cash, end of the period	<u>30,752</u>	<u>3,963</u>

ANTIBE THERAPEUTICS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2020 and 2019

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

(Unaudited)

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 was originally established under the legal name 2205405 Ontario Inc. On December 16, 2009, the Company changed its name to Antibe Therapeutics Inc. 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.

The Company originates, develops and out-licenses patent-protected new pharmaceuticals. Antibe’s lead compound, ATB-346, combines hydrogen sulfide with naproxen, an approved, marketed and off-patent non-steroidal anti-inflammatory drug. The Company’s main objectives are to develop ATB-346 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, Germany 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.

Approximately 3.9% of the Company’s common shares are held by Antibe Holdings Inc. (“AHI”) as at June 30, 2020.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on August 21, 2020.

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, 2020, except as disclosed below. 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, 2020, which are available on SEDAR.

(b) Consolidation –

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, as follows:

	<u>Percentage ownership</u>
Citagenix	100%
BMT Medizintechnik GmbH (“BMT”)	100%

ANTIBE THERAPEUTICS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2020 and 2019

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

(Unaudited)

2. BASIS OF PRESENTATION (continued)

Citagenix, the parent company of BMT, was acquired on October 15, 2015. Citagenix was incorporated under the *Business Corporations Act* (Quebec) on December 8, 1997, and operates in Canada. BMT was incorporated and operates in Germany.

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 June 30, 2020, the Company had working capital of \$31,039 (March 31, 2020 – \$3,912), incurred a net loss for the three months ended June 30, 2020 of \$4,907 (2019 – \$3,285), had negative cash flows from operations of \$4,041 (2019 – \$2,238) and an accumulated deficit of \$64,580 (March 31, 2020 - \$59,673).

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 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. See notes 15 and 16.

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 –

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, nonessential 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.

ANTIBE THERAPEUTICS INC.

Notes to the Condensed Interim Consolidated Financial Statements

For the Three Months Ended June 30, 2020 and 2019

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

(Unaudited)

2. BASIS OF PRESENTATION *(continued)*

The COVID-19 pandemic has impacted the Company's business to some extent. The Company's Phase 2 trial 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. The need to engage the consulting staff responsible for administering the trial for an additional six weeks increased the costs of the trial correspondingly. COVID-19 has also particularly impacted the Company's wholly owned subsidiary, Citagenix, by causing a significant decrease in sales due to a decline in customer demand. 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 pre-clinical trials.

The Company expects that it will qualify for certain wage subsidy programs in Canada and the US. The Company will recognize government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. The Company recognizes government grants as a reduction to the related expense that the grant is intended to offset. For the three months ended June 30, 2020, the Company has recognized \$200, as a reduction to sales and marketing expense incurred by the Company during this period.

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 impact on the Company's business, operations or financial results; however, the impact could be material.

(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 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 year 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 not yet subject to amortization, credit losses and inputs related to the calculation of fair value of stock-based compensation and warrants.

(f) Foreign currency translation –

The Company's presentation currency is the Canadian dollar. The functional currency of the Company and its subsidiary, Citagenix, is the Canadian dollar, while the functional currency of BMT is the Euro.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Foreign currency translation gains and losses are presented in the consolidated statements of loss and comprehensive loss in the period in which they occur.

ANTIBE THERAPEUTICS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended June 30, 2020 and 2019**

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

(Unaudited)

For its subsidiary with a non-Canadian dollar functional currency, results of operations and cash flows are translated at average exchange rates during the period, assets and liabilities are translated at the exchange rate at the end of the period, and equity is translated at historical exchange rates. Translation adjustments resulting from the process of translating the local currency financial statements into Canadian dollars are included in other comprehensive loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended March 31, 2020. Several amendments apply for the first time in fiscal 2021, but do not have an impact on the interim condensed consolidated financial statements of the Company.

4. TRADE AND OTHER RECEIVABLES

	June 30, 2020	March 31, 2020
	\$	\$
Trade receivables	1,095	1,044
Allowance for doubtful accounts	(1)	(1)
Warrant exercise receivable	-	50
SR&ED tax credits receivable	586	67
Value-added taxes receivable	5	5
Harmonized Sales Tax receivable	209	147
	1,894	1,312
Employee advances <i>[note 6]</i>	21	20
	1,915	1,332

5. 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.

The Credit Facility has been accounted for using amortized cost. Transaction costs directly attributable to the Credit Facility totalled \$284. These costs were proportionally allocated based on the relative fair value of the components of the Credit Facility and were amortized over the two-year term of the facility.

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.

ANTIBE THERAPEUTICS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended June 30, 2020 and 2019**

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

*(Unaudited)***6. RELATED PARTY TRANSACTIONS**

As part of the prospectus offering during the year ended March 31, 2020 (as described in note 7), one director and one officer of the Company purchased a total of 201,667 Units, such investment being a “related party transaction” for purposes of Multilateral Instrument 61-101, *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”).

During the three months ended June 30, 2020, the Company advanced \$2 (2019 – \$21) to AHI (as at June 30, 2020, AHI owns 3.9% of the common shares of the Company). As at June 30, 2020, \$384 (March 31, 2020 – \$382) represent amounts owing by AHI to the Company. This balance bears no interest, is payable on demand and is unsecured.

Employee advances for the quarter ended June 30, 2020, were increased by \$1 (March 31, 2020, reduced by \$1) and consisted of cash advances, payments to the Company’s cell phone plan on behalf of employees, use of Company courier services and petty cash in foreign currencies. Currently, the Company has one employee receiving cash advances.

7. SHARE CAPITAL**(a) Authorized –**

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

(b) Common shares –

	Three months ended June 30, 2020		Year ended March 31, 2020	
	Shares	Amount	Shares	Amount
		\$		\$
Balance, beginning of the period	293,681,767	49,666	243,392,476	36,986
Warrants exercised	14,421,033	5,010	21,333,527	7,653
Options exercised	5,334,500	2,346	255,761	118
Restricted share units vested and shares issued	150,001	56	1,866,671	604
Prospectus August 13, 2019 (“P2019B”)	-	-	26,833,332	5,087
Prospectus June 30, 2020 (“P2020”)	71,875,000	26,041	-	-
Share issuance costs - P2019	-	-	-	(782)
Share issuance costs - P2020	-	(2,911)	-	-
Balance, end of the period	385,462,301	80,208	293,681,767	49,666

On June 30, 2020, the Company closed a bought deal public offering of 62,500,000 units of the Company (the “June Units”) at a price of \$0.40 per Unit (the “June Offering Price”) plus the exercise in full of the Underwriters’ over-allotment option of 9,375,000 Units for aggregate gross proceeds of \$28,750 (the “June Offering”). The June Offering was made pursuant to an underwriting agreement dated June 15, 2020 with a syndicate of underwriters.

Each June Unit was composed of one common share and one-third of one common share purchase warrant. Each full warrant is exercisable to purchase one Common Share at any time prior to June 30, 2022 at a price of \$0.60 per Common Share.

ANTIBE THERAPEUTICS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended June 30, 2020 and 2019**

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

*(Unaudited)***7. SHARE CAPITAL** *(continued)*

As consideration for the services rendered by the Underwriters in connection with the June Offering, the Company has paid the Underwriters a cash commission equal to 7% of the gross proceeds raised under the June Offering and has granted the Underwriters non-transferable broker warrants equal to 7% of the number of June Units sold under the June Offering, exercisable at any time prior to June 30, 2022 at an exercise price equal to the June Offering Price.

The following provides additional information on the prospectus raises completed during the three months ended June 30, 2020 and the year ended March 31, 2020:

Closing date	Prospectus	Number of units / shares issued	Number of warrants issued	Price per unit	Gross proceeds ³	Warrant exercise price	Warrant expiry date
				\$	\$	\$	
Aug. 13, 2019	P2019B	26,833,332 ¹	13,416,666	0.30	8,050	0.40	Aug. 13, 2022
Jun. 30, 2020	P2020	71,875,000 ²	23,958,333	0.40	28,750	0.60	Jun. 30, 2022

¹Each unit was composed of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share.

²Each 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.

³Gross 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 raises completed during the three months ended June 30, 2020 and the year ended March 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
			\$	\$	\$	
Aug. 13, 2019	P2019B	1,878,333	1,237	393	0.30	Aug. 13, 2021
Jun. 30, 2020	P2020	5,031,250	2,131	821	0.40	Jun. 30, 2022

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

ANTIBE THERAPEUTICS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended June 30, 2020 and 2019**

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

*(Unaudited)***7. SHARE CAPITAL** *(continued)*

The following is a summary of all warrants exercised during the three months ended June 30, 2020 and 2019:

Exercise price	2020		2019	
	Number of warrants exercised	Gross proceeds	Number of warrants exercised	Gross proceeds
\$		\$		\$
0.10	-	-	1,289,677	129
0.15	9,156,500	1,374	378,346	57
0.25	31,000	8	-	-
0.30	81,000	24	-	-
0.35	2,686,500	940	-	-
0.40	2,466,033	986	-	-
	14,421,033	3,332	1,668,023	186

Each of the warrants entitled the bearer to purchase one common share of the Company.

(c) Stock options –

The following is a summary of all options to purchase common shares that are outstanding as at June 30, 2020 and 2019, as well as details on exercise prices and expiry dates:

	Three months ended June 30, 2020		Three months ended June 30, 2019	
	Options	Weighted average price	Options	Weighted average price
		\$		\$
Balance, beginning of the period	18,147,340	0.27	17,890,607	\$0.27
Granted during the period	-	-	200,000	\$0.34
Exercised during the period	(5,334,500)	0.23	(12,000)	\$0.13
Expired during the period	(450,000)	0.33	-	-
Balance, end of the period	12,362,840	0.29	18,078,607	\$0.27

ANTIBE THERAPEUTICS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended June 30, 2020 and 2019**

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

*(Unaudited)*7. SHARE CAPITAL *(continued)*

	Number of options	Exercise price	Expiry date
		\$	
	7,500	0.09	October 20, 2020
	200,000	0.34	April 26, 2022
	350,000	0.30	August 27, 2022
	150,000	0.55	October 21, 2023
	805,000	0.66	March 4, 2024
	360,000	0.14	July 13, 2025
	1,613,714	0.15	March 9, 2026
	150,000	0.19	January 18, 2027
	8,433,233	0.20	March 31, 2027
	151,515	0.50	April 11, 2028
	41,878	0.40	May 8, 2028
	100,000	0.29	March 11, 2029
	12,362,840		

As at June 30, 2020, all options are exercisable and the weighted average exercise price of these options is \$0.24.

The total fair value of all options has been fully expensed.

The following assumptions were used in the BSM to determine the fair value of the stock-based compensation expense relating to stock options in the period:

	Three months ended June 30, 2020	Three months ended June 30, 2019
Weighted average risk-free interest rate	-	1.54%
Weighted average expected volatility	-	105%
Expected dividend yield	-	0.00%
Weighted average expected life of options	-	3 years
Weighted average share price	-	\$0.34
Weighted average exercise price	-	\$0.34

(d) Restricted share unit plan –

The following is a summary of all restricted share units that are outstanding as at June 30, 2020:

	Three months ended June 30, 2020	Three months ended June 30, 2019
	RSUs	RSUs
Balance, beginning of the period	21,501,661	17,289,997
Granted during the period	500,000	-
Vested during the period	(150,001)	(150,001)
Balance, end of the period	21,851,660	17,139,996

The total fair value of RSUs not yet recognized as an expense is \$3,954, based upon the share price on the date of the grant.

ANTIBE THERAPEUTICS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended June 30, 2020 and 2019**

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

*(Unaudited)*7. SHARE CAPITAL *(continued)***(e) Common share purchase warrants –**

The following is a summary of all warrants to purchase common shares that are outstanding as at June 30, 2020 and 2019, as well as details on exercise prices and expiry dates:

	Three months ended June 30, 2020		Three months ended June 30, 2019	
	Warrants	Weighted average price	Warrants	Weighted average price
		\$		\$
Balance, beginning of the period	28,387,834	0.29	34,689,023	0.23
Issued during the period	28,989,583	0.57	644,839	0.15
Exercised during the period	(14,421,033)	0.23	(1,668,023)	0.11
Expired during the period	(459,500)	0.15	(907,500)	0.83
Balance, end of the period	42,496,884	0.50	32,758,339	0.22

Number of warrants	Exercise price	Expiry date
	\$	
97,000	0.25	February 27, 2021
871,333	0.30	August 13, 2021
4,539,250	0.35	February 27, 2022
5,031,250	0.40	June 30, 2022
23,958,333	0.60	June 30, 2022
7,999,718	0.40	August 13, 2022
42,496,884		

The following assumptions were used in the BSM to determine the fair value of warrants in the period:

	Three months ended June 30, 2020	Three months ended June 30, 2019
Weighted average risk-free interest rate	0.28%	1.09%
Weighted average expected volatility	70%	174%
Expected dividend yield	0.00%	0.00%
Weighted average expected life of warrants	2 years	3 years
Weighted average share price	\$0.42	\$0.09
Weighted average exercise price	\$0.57	\$0.15

8. 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.

ANTIBE THERAPEUTICS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended June 30, 2020 and 2019**

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

*(Unaudited)***9. SEGMENTED RESULTS**

The Company has two primary business segments: Antibe Therapeutics, a pharmaceutical development company, and Citagenix, a marketer and distributor of regenerative medicines serving the dental and orthopaedic market places.

The segmented performance of these two businesses for the three months ended June 30, 2020 and 2019, is as follows:

	Three months ended June 30, 2020			Three months ended June 30, 2019		
	Antibe	Citagenix	Consolidated	Antibe	Citagenix	Consolidated
	\$	\$	\$	\$	\$	\$
Revenue	-	1,229	1,229	-	2,763	2,763
Cost of sales	-	(716)	(716)	-	(1,726)	(1,726)
Gross profit	-	513	513	-	1,037	1,037
Expenses	(4,694)	(721)	(5,415)	(2,902)	(1,416)	(4,318)
Loss before income taxes	(4,694)	(208)	(4,902)	(2,902)	(379)	(3,281)

There is no single customer who constitutes more than 10% of revenue.

Revenue by geographic region for the three months ended June 30, 2020, is as follows:

Canada – 38%
United States – 47%
Europe – 2%
Rest of World – 13%

The Company's assets and liabilities by each business as at June 30, 2020 and March 31, 2020, are as follows:

	As at June 30, 2020			As at March 31, 2020		
	Antibe	Citagenix	Consolidated	Antibe	Citagenix	Consolidated
	\$	\$	\$	\$	\$	\$
Assets						
Current	31,438	5,197	36,635	6,319	5,188	11,507
Non-current	235	1,958	2,193	236	2,095	2,331
Total assets	31,673	7,155	38,828	6,555	7,283	13,838
Liabilities						
Current	3,617	1,979	5,596	3,133	4,462	7,595
Non-current	2,399	56	2,455	2,399	65	2,464
Total liabilities	6,016	2,035	8,051	5,532	4,527	10,059

ANTIBE THERAPEUTICS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended June 30, 2020 and 2019**

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

(Unaudited)

10. GENERAL AND ADMINISTRATIVE EXPENSES

The nature of the general and administrative expenses for the three months ended June 30, 2020 and 2019, is summarized as follows:

	2020	2019
	\$	\$
Salaries and wages	447	404
Professional and consulting fees	1,078	521
Office expenses	140	146
Other expenses	89	76
Total general and administrative expenses	1,754	1,147

11. SELLING AND MARKETING EXPENSES

The nature of the selling and marketing expenses for the three months ended June 30, 2020 and 2019, is summarized as follows:

	2020	2019
	\$	\$
Salaries and wages	288	428
Commissions	80	189
Advertising and promotion	39	176
Travel and entertainment	34	167
Total selling and marketing expenses	441	960

12. RESEARCH AND DEVELOPMENT EXPENSES

The nature of the research and development expenses for the three months ended June 30, 2020 and 2019, is summarized as follows:

	2020	2019
	\$	\$
Salaries and wages	343	135
Professional and consulting fees	111	54
Research & clinical trial costs	2,124	716
SR&ED rebate	(487)	-
Total research and development expenses	2,091	905

13. STOCK-BASED COMPENSATION

The function of the stock-based compensation expense for the three months ended June 30, 2020 and 2019, is summarized as follows:

	2020	2019
	\$	\$
General and administrative	720	779
Research and development	287	279
Total stock-based compensation	1,007	1,058

ANTIBE THERAPEUTICS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended June 30, 2020 and 2019**

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

(Unaudited)

14. FINANCE AND RELATED COSTS

The components of the finance and related costs for the three months ended March 31, 2020 and 2019, are as follows:

	2020	2019
	\$	\$
Interest on loan payable	43	49
Accretion interest	(6)	36
Interest and bank charges	24	42
Unrealized foreign currency translation	(69)	(2)
Total finance and related costs	(8)	125

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 and the growth objectives of Citagenix. 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 other comprehensive income, which, as at June 30, 2020, total \$31,000 (March 31, 2020 – \$3,779). 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 trade and other receivables, amounts due from AHI 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. See note 2(c).

ANTIBE THERAPEUTICS INC.**Notes to the Condensed Interim Consolidated Financial Statements****For the Three Months Ended June 30, 2020 and 2019**

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

(Unaudited)

16. FINANCIAL RISK MANAGEMENT *(continued)*

As at June 30, 2020, 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	5,500	-	-	5,500
Lease liability	82	56	-	138
	5,582	56	-	5,638

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.
