ANTIBE THERAPEUTICS INC.

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended December 31, 2020 and 2019

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

	December 31, 2020	March 31, 2020
	$	$
ASSETS		
Current		
Cash	**15,400**	6,182
Term deposits	**25**	25
Trade and other receivables *[note 5]*	**2,636**	1,332
Inventory	**2,193**	3,424
Prepaid expenses	**2,151**	162
Due from Antibe Holdings Inc. *[note 7]*	**421**	382
Total current assets	**22,826**	11,507
Non-current assets		
Property and equipment, net	**351**	303
Loan receivables *[note 4]*	**157**	-
Deposits	**20**	20
Deferred contract costs	**236**	236
Intangible assets, net	**928**	1,772
Total non-current assets	**1,692**	2,331
TOTAL ASSETS	**24,518**	13,838
LIABILITIES		
Current		
Bank indebtedness	**-**	4
Accounts payable and accrued liabilities	**4,940**	5,262
Current portion of loan payable *[note 6]*	**-**	2,214
Current portion of lease liability	**135**	115
Total current liabilities	**5,075**	7,595
Non-current liabilities		
Deferred revenue	**2,399**	2,399
Lease liability	**133**	65
Total non-current liabilities	**2,532**	2,464
TOTAL LIABILITIES	**7,607**	10,059
SHAREHOLDERS' EQUITY		
Share capital *[note 8(b)]*	**81,055**	49,666
Common share purchase warrants *[note 8(b)]*	**3,319**	2,626
Contributed surplus	**12,519**	11,142
Accumulated other comprehensive income	**-**	18
Deficit	**(79,982)**	(59,673)
TOTAL SHAREHOLDERS' EQUITY	**16,911**	3,779
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**24,518**	13,838

(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, 2020 and 2019
(Expressed in thousands of Canadian Dollars, except per share amounts)
(Unaudited)

	Three months ended December 31, 2020	Three months ended December 31, 2019	**Nine months ended December 31, 2020**	Nine months ended December 31, 2019
	$	$	$	$
REVENUE				
Product sales	**2,793**	2,554	**6,763**	7,421
COST OF SALES	**1,618**	1,606	**4,253**	4,637
GROSS PROFIT	**1,175**	948	**2,510**	2,784
EXPENSES				
Research and development *[note 13]*	**3,409**	1,645	**10,308**	4,968
General and administrative *[note 11]*	**1,962**	1,475	**6,131**	3,712
Selling and marketing *[note 12]*	**884**	978	**1,934**	2,770
Stock-based compensation *[note 14]*	**758**	763	**2,516**	2,896
Amortization and depreciation	**101**	140	**377**	432
Total expenses	**7,114**	5,001	**21,266**	14,778
LOSS FROM CONTINUING OPERATIONS	**(5,939)**	(4,053)	**(18,756)**	(11,994)
Finance and related costs *[note 15]*	**6**	66	**38**	316
Finance income	**(13)**	(35)	**(34)**	(75)
LOSS BEFORE INCOME TAXES	**(5,932)**	(4,084)	**(18,760)**	(12,235)
Provision for (recovery of) income taxes	**-**	-	-	-
NET LOSS FROM CONTINUING OPERATIONS	**(5,932)**	(4,084)	**(18,760)**	(12,235)
DISCONTINUED OPERATIONS				
Loss from discontinued operations *[note 4]*	**(564)**	(117)	**(1,567)**	(212)
NET LOSS	**(6,496)**	(4,201)	**(20,327)**	(12,447)
OTHER COMPREHENSIVE INCOME (LOSS)				
Exchange differences on translation of foreign operations	**18**	5	**18**	(23)
NET COMPREHENSIVE LOSS	**(6,478)**	(4,196)	**(20,309)**	(12,470)
Basic and diluted loss per share *[note 9]*	**(0.17)**	(0.15)	**(0.57)**	(0.48)
Basic and diluted weighted average number of shares outstanding *[note 9]*	**38,701,708**	27,892,110	**35,867,507**	26,111,770

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Changes in Shareholders' Equity
For the Nine Months Ended December 31, 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	**24,339,248**	**36,986**	**2,756**	**8,035**	**(5)**	**(40,331)**	**7,441**
Shares issued	2,683,333	5,087	2,963	-	-	-	8,050
Share issuance costs	-	(782)	(455)	393	-	-	(844)
Shares issued for exercised warrants	925,877	2,820	(975)	-	-	-	1,845
Shares issued for exercised options	8,288	30	-	(15)	-	-	15
Shares issued for vested restricted share units	171,667	549	-	2,101	-	-	2,650
Stock-based compensation	-	-	-	247	-	-	247
Net loss from continuing operations for the period	-	-	-	-	-	(12,235)	(12,235)
Loss from discontinued operations	-	-	-	-	-	(212)	(212)
Exchange differences on translation of foreign operations	-	-	-	-	(23)	-	(23)
Balance, December 31, 2019	**28,128,413**	**44,690**	**4,289**	**10,761**	**(28)**	**(52,778)**	**6,934**
Balance, March 31, 2020	**29,368,177**	**49,666**	**2,626**	**11,142**	**18**	**(59,673)**	**3,779**
Shares 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 vested restricted share units	**219,252**	**825**	**-**	**1,684**	**-**	**-**	**2,509**
Stock-based compensation	**-**	**-**	**-**	**7**	**-**	**-**	**7**
Net loss from continuing operations for the period	**-**	**-**	**-**	**-**	**-**	**(18,760)**	**(18,760)**
Loss from discontinued operations	**-**	**-**	**-**	**-**	**-**	**(1,567)**	**(1,567)**
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**

ANTIBE THERAPEUTICS INC.
Interim Consolidated Statements of Cash Flows
For the Nine Months Ended December 31, 2020 and 2019
(Expressed in thousands of Canadian Dollars)
(Unaudited)

	2020	2019
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss from continuing operations for the period	**(18,760)**	(12,235)
Items not affecting cash:		
Stock-based compensation *[note 14]*	**2,516**	2,896
Accretion interest *[note 15]*	**36**	107
Write-off of license	**-**	317
Depreciation of property and equipment	**147**	172
Amortization of intangible assets	**230**	260
Interest on capitalized lease payments	**10**	21
	(15,821)	(8,462)
Changes in non-cash working capital:		
Trade and other receivables *[note 5]*	**(1,389)**	88
Inventory	**494**	(308)
Prepaid expenses	**(1,993)**	(51)
Accounts payable and accrued liabilities	**(182)**	783
Net change in non-cash working capital balances	**(3,070)**	512
Cash flows used in operating activities	**(18,891)**	(7,950)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in loan receivable	**(157)**	-
Advances to BMT	**(264)**	(442)
Sale of Red Rock Regeneration Inc. convertible debenture	**-**	100
Purchase of equipment	**-**	(1)
Cash flows provided by investing activities	**(421)**	(343)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to Antibe Holdings Inc. *[note 7]*	**(39)**	(43)
Lease payments	**(124)**	(144)
Repayment of loan *[note 6]*	**(2,250)**	-
Issuances:		
Gross proceeds from shares and warrant issuance *[note 8]*	**28,750**	8,050
Proceeds from exercised warrants *[note 8]*	**3,409**	1,845
Proceeds from exercised options *[note 8]*	**1,234**	15
Share issuance costs *[note 8]*	**(2,450)**	(844)
Cash flows provided by financing activities	**28,530**	8,879
Net increase in cash during the period	**9,218**	586
Cash, beginning of the period	**6,182**	5,993
Cash, end of the period	**15,400**	6,579

See accompanying notes to the condensed 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 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 ("TSXV"). 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 Common Shares began trading on the TSX under the symbol "ATE". In connection with the Company's graduation to the TSX, concurrently, the Company's common shares (the "Common Shares") have been voluntarily delisted from the TSX Venture Exchange. The Common Shares continue to trade on the OCTQB market under the symbol "ATBPF".

The Company originates, develops and out-licenses patent-protected new pharmaceuticals. Antibe's lead compound, otenaproxesul (previously known as 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 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, 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 3.2% of the Company's common shares are held by Antibe Holdings Inc. ("AHI") as at December 31, 2020.

These unaudited condensed interim consolidated financial statements were authorized for issuance by the Board of Directors on February 10, 2021.

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. These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 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.

2. BASIS OF PRESENTATION *(continued)*

(b) Consolidation –

These unaudited condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Citagenix. On December 3, 2020, the Company sold its wholly owned subsidiary, BMT Medizintechnik GmbH ("BMT") (Note 4).

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

All intercompany balances and transactions have been eliminated on consolidation.

(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, 2020, the Company had working capital of $17,751 (March 31, 2020 – $3,912), incurred a net comprehensive loss for the nine months ended December 31, 2020 of $20,309 (2019 – $12,470), had negative cash flows from operations of $18,891 (2019 – $7,950) and an accumulated deficit of $79,982 (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 16 and 17.

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.

2. BASIS OF PRESENTATION *(continued)*

(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 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 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. 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 did 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 nine months ended December 31, 2020, the Company has recognized $200, as a reduction to selling 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.

(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 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, credit losses and inputs related to the calculation of fair value of stock-based compensation and warrants.

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

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 condensed interim consolidated financial statements of the Company.

4. 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). BMT is a German manufacturer and distributor of surgical instruments and, prior to the sale, accounted for less than 10% of Citagenix's consolidated revenue. BMT struggled to reach profitability and in recent years borne significant costs related to enhanced regulations in Germany. The COVID-19 crisis had a severe impact on the sale of surgical instruments. Given these circumstances, the Company agreed to sell BMT for nominal value to its Managing Director as a preferred alternative to the time and expense involved in winding-up the business.

The business of BMT was historically presented within the Citagenix operating segment. With BMT classified as a discontinued operation, the Citagenix segment will no longer include BMT results.

The results of BMT up to December 3, 2020 are presented in the interim consolidated statement of profit and loss as a loss from discontinued operations for the three and nine months ended December 31, 2020 and 2019. The Company has also derecognized the related assets, liabilities and components of equity, with the resultant gain or loss recognized within gain (loss) from discontinued operations.

The results of BMT for the three and nine months ended December 31, 2020 and 2019 are presented below.

	Three months ended December 31, 2020	Three months ended December 31, 2019	**Nine months ended December 31, 2020**	Nine months ended December 31, 2019
	$	$	$	$
Revenue	**65**	56	**228**	223
Cost of goods sold	**19**	50	**136**	77
Gross profit	**46**	6	**92**	146
Expenses	**84**	123	**302**	358
Loss on sale of BMT	**526**	-	**1,357**	-
Loss from discontinued operations	**(564)**	(117)	**(1,567)**	(212)

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

4. SALE OF BMT *(continued)*

The loss on the sale of BMT, $1,357, is the result of the derecognition of BMT's assets and liabilities for consideration of 1 Euro. The major classes of assets and liabilities on the day of sale are presented below.

	December 3, 2020
	$
Accounts receivable	86
Inventory	734
Prepaids	9
Property, plant and equipment	6
Government remittances receivable	5
Trademarks	614
Accounts payable and accrued liabilities	(83)
Bank indebtedness	(14)
Loss on sale of BMT	**$1,357**

As part of the sale agreement, Antibe wrote off a net intercompany loan receivable from BMT of $1,863.

Cash flows from operations incurred by BMT for the nine months to December 3, 2020, was ($274) and is presented within the Company's interim consolidated statement of cash flows.

Antibe has also provided a loan to the purchaser in the amount of $157 (€100 thousand) for working capital purposes. This loan matures on December 3, 2022 and bears interest at an annual rate of 5%, payable quarterly.

5. TRADE AND OTHER RECEIVABLES

	December 31, 2020	March 31, 2020
	$	$
Trade receivables	**794**	1,044
Allowance for doubtful accounts	**-**	(1)
Warrant exercise receivable	**-**	50
SR&ED tax credits receivable	**932**	67
Value-added taxes receivable	**-**	5
Harmonized Sales Tax receivable	**889**	147
	2,615	1,312
Employee advances *[note 7]*	**21**	20
	2,636	1,332

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

6. 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.

7. RELATED PARTY TRANSACTIONS

As part of the prospectus offering during the year ended March 31, 2020, 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*.

During the nine months ended December 31, 2020, the Company advanced $39 (2019 – $43) to AHI (as at December 31, 2020, AHI owns 3.2% of the common shares of the Company). As at December 31, 2020, $421 (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 nine months ended December 31, 2020, were increased by $1 (2019 – ($4)) 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 two employees receiving cash advances.

8. 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, 2020		**Year ended March 31, 2020**	
	Shares	**Amount**	**Shares**	**Amount**
		$		$
Balance, beginning of the period	**29,368,177**	**49,666**	24,339,248	36,986
Warrants exercised	**1,465,203**	**5,122**	2,133,353	7,653
Options exercised	**539,600**	**2,369**	25,576	118
Restricted share units vested and shares issued	**219,252**	**825**	186,667	604
Prospectus August 13, 2019 ("P2019B")	**-**	**-**	2,683,333	5,087
Prospectus June 30, 2020 ("P2020")	**7,187,500**	**26,041**	-	-
Share issuance costs – P2019	**-**	**-**	-	(782)
Share issuance costs – P2020	**-**	**(2,968)**	-	-
Balance, end of the period	**38,779,732**	**81,055**	29,368,177	49,666

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

8. SHARE CAPITAL *(continued)*

On June 30, 2020, the Company closed a bought deal public offering of 6,250,000 units of the Company (the "June Units") at a price of $4.00 per Unit (the "June Offering Price") plus the exercise in full of the Underwriters' over-allotment option of 937,500 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 $6.00 per Common Share.

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 nine months ended December 31, 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	2,683,333[1]	1,341,667	3.00	8,050	4.00	Aug. 13, 2022
Jun. 30, 2020	P2020	7,187,500[2]	2,395,833	4.00	28,750	6.00	Jun. 30, 2022

[1]Each 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.

[2]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.

[3]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 raises completed during the nine months ended December 31, 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	187,833	1,237	393	3.00	Aug. 13, 2021
Jun. 30, 2020	P2020	503,125	2,131	821	4.00	Jun. 30, 2022

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

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

8. SHARE CAPITAL *(continued)*

The following is a summary of all warrants exercised during the nine months ended December 31, 2020 and 2019:

	2020		2019	
Exercise price	**Number of warrants exercised**	**Gross proceeds**	**Number of warrants exercised**	**Gross proceeds**
$		$		$
1.00	**-**	**-**	128,968	129
1.50	**915,650**	**1,374**	535,860	804
2.50	**12,300**	**31**	34,700	87
3.00	**8,100**	**24**	1,883	6
3.50	**272,650**	**954**	157,000	549
4.00	**256,503**	**1,026**	67,466	270
	1,465,203	**3,409**	925,877	1,845

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 require shareholder approval at the Company's next annual general meeting.

The following is a summary of all options to purchase common shares that are outstanding as at December 31, 2020 and 2019, as well as details on exercise prices and expiry dates:

	Nine months ended December 31, 2020		Nine months ended December 31, 2019	
	Options	**Weighted average price**	**Options**	**Weighted average price**
		$		$
Balance, beginning of the period	**1,814,735**	**2.71**	1,789,061	2.69
Granted during the period	**-**	**-**	55,000	3.15
Exercised during the period	**(539,600)**	**2.28**	(8,288)	1.86
Expired during the period	**(47,100)**	**3.24**	-	-
Balance, end of the period	**1,228,035**	**2.88**	1,835,773	2.71

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

8. 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
80,500	6.60	March 4, 2024
36,000	1.40	July 13, 2025
160,671	1.45	March 9, 2026
15,000	1.90	January 18, 2027
836,524	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
1,228,035		

As at December 31, 2020, all options are exercisable and the weighted average exercise price of these options is $2.36.

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 stock options granted in the period:

	Nine months ended December 31, 2020	Nine months ended December 31, 2019
Weighted average risk-free interest rate	-	1.37%
Weighted average expected volatility	-	95%
Expected dividend yield	-	0.00%
Weighted average expected life of options	-	3 years
Weighted average share price	-	$3.50
Weighted average exercise price	-	$3.15

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

8. SHARE CAPITAL *(continued)*

(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 Restricted Share Unit Plan involving the calculation of fair market value have been put into effect. These changes require shareholder approval at the Company's next annual general meeting.

The following is a summary of all restricted share units that are outstanding as at December 31, 2020:

	Nine months ended December 31, 2020	Nine months ended December 31, 2019
	RSUs	RSUs
Balance, beginning of the period	**2,150,158**	1,729,000
Granted during the period	**58,000**	763,000
Vested during the period	**(523,167)**	(360,834)
Forfeited during the period	**(3,500)**	-
Balance, end of the period	**1,681,491**	2,131,166

Based upon the share price on the date of granting, the total fair value of RSUs not yet recognized as an expense is $2,461.

(e) Common share purchase warrants –

The following is a summary of all warrants to purchase common shares that are outstanding as at December 31, 2020 and 2019, as well as details on exercise prices and expiry dates:

	Nine months ended December 31, 2020		Nine months ended December 31, 2019	
	Warrants	Weighted average price	Warrants	Weighted average price
		$		$
Balance, beginning of the period	**2,838,785**	2.90	3,468,902	2.30
Issued during the period	**2,898,958**	5.65	1,593,984	3.78
Exercised during the period	**(1,465,203)**	2.30	(925,877)	1.99
Expired during the period	**(45,950)**	1.50	(90,750)	8.30
Balance, end of the period	**4,226,590**	5.01	4,046,259	2.82

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

8. SHARE CAPITAL *(continued)*

Number of warrants	Exercise price	Expiry date
	$	
500	1.50	February 27, 2021
87,134	2.50	August 13, 2021
449,925	3.00	February 27, 2022
493,225	3.50	June 30, 2022
2,395,834	4.00	June 30, 2022
799,972	6.00	August 13, 2022
4,226,590		

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

	Nine months ended December 31, 2020	Nine months ended December 31, 2019
Weighted average risk-free interest rate	0.28%	1.29%
Weighted average expected volatility	70%	91%
Expected dividend yield	0.00%	0.00%
Weighted average expected life of warrants	2 years	2.9 years
Weighted average share price	$4.15	$3.85
Weighted average exercise price	$5.65	$3.88

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.

10. 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 and nine months ended December 31, 2020 and 2019, is as follows:

	Three months ended December 31, 2020			Three months ended December 31, 2019		
	Antibe	**Citagenix**	**Consolidated**	**Antibe**	**Citagenix**	**Consolidated**
	$	$	$	$	$	$
Revenue	**-**	**2,793**	**2,793**	-	2,554	2,554
Cost of sales	**-**	**(1,618)**	**(1,618)**	-	(1,606)	(1,606)
Gross profit	**-**	**1,175**	**1,175**	-	948	948
Expenses	**(5,855)**	**(1,252)**	**(7,107)**	(3,708)	(1,324)	(5,032)
Loss before income taxes	**(5,855)**	**(77)**	**(5,932)**	(3,708)	(376)	(4,084)

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

10. SEGMENTED RESULTS *(continued)*

	Nine months ended December 31, 2020			**Nine months ended December 31, 2019**		
	Antibe	**Citagenix**	**Consolidated**	**Antibe**	**Citagenix**	**Consolidated**
	$	$	$	$	$	$
Revenue	**-**	**6,763**	**6,763**	-	7,421	7,421
Cost of sales	**-**	**(4,253)**	**(4,253)**	-	(4,637)	(4,637)
Gross profit	**-**	**2,510**	**2,510**	-	2,784	2,784
Expenses	**(18,344)**	**(2,926)**	**(21,270)**	(11,147)	(3,872)	(15,019)
Loss before income taxes	**(18,344)**	**(416)**	**(18,760)**	(11,147)	(1,088)	(12,235)

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

Revenue by geographic region for the nine months ended December 31, 2020, is as follows:

Canada – 46%
United States – 36%
Europe – 2%
Rest of World – 16%

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

	As at December 31, 2020			**As at March 31, 2020**		
	Antibe	**Citagenix**	**Consolidated**	**Antibe**	**Citagenix**	**Consolidated**
	$	$	$	$	$	$
Assets						
Current	**19,074**	**3,752**	**22,826**	6,319	5,188	11,507
Non-current	**392**	**1,300**	**1,692**	236	2,095	2,331
Total assets	**19,466**	**5,052**	**24,518**	6,555	7,283	13,838
Liabilities						
Current	**3,927**	**1,148**	**5,075**	3,133	4,462	7,595
Non-current	**2,399**	**133**	**2,532**	2,399	65	2,464
Total liabilities	**6,326**	**1,281**	**7,607**	5,532	4,527	10,059

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

11. GENERAL AND ADMINISTRATIVE EXPENSES

The nature of the general and administrative expenses for the nine months ended December 31, 2020 and 2019, is summarized as follows:

	2020	**2019**
	$	$
Salaries and wages	**1,723**	1,016
Professional and consulting fees	**3,481**	1,794
Office expenses	**488**	428
Other expenses	**439**	474
Total general and administrative expenses	**6,131**	3,712

12. SELLING AND MARKETING EXPENSES

The nature of the selling and marketing expenses for the nine months ended December 31, 2020 and 2019, is summarized as follows:

	2020	**2019**
	$	$
Salaries and wages	**1,215**	1,441
Commissions	**401**	555
Advertising and promotion	**161**	330
Travel and entertainment	**157**	444
Total selling and marketing expenses	**1,934**	2,770

13. RESEARCH AND DEVELOPMENT EXPENSES

The nature of the research and development expenses for the nine months ended December 31, 2020 and 2019, is summarized as follows:

	2020	**2019**
	$	$
Salaries and wages	**1,301**	477
Professional and consulting fees	**382**	144
Research & clinical trial costs	**9,406**	4,493
SR&ED rebate	**(781)**	(146)
Total research and development expenses	**10,308**	4,968

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 & clinical trial costs" in the period that the related goods are consumed or services are performed.

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

14. STOCK-BASED COMPENSATION

The function of the stock-based compensation expense for the nine months ended December 31, 2020 and 2019, is summarized as follows:

	2020	2019
	$	$
General and administrative	**1,759**	2,121
Research and development	**757**	775
Total stock-based compensation	**2,516**	2,896

15. FINANCE AND RELATED COSTS

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

	2020	2019
	$	$
Interest on loan payable	**49**	140
Accretion interest	**(6)**	107
Interest and bank charges	**124**	120
Unrealized foreign currency translation	**(129)**	(51)
Total finance and related costs	**38**	316

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 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 December 31, 2020, total $96,893 (March 31, 2020 – $63,452). 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, 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.

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

17. FINANCIAL RISK MANAGEMENT *(continued)*

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(d).

As at December 31, 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	4,940	-	-	4,940
Lease liability	135	133	-	268
	5,075	133	-	5,208

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. SUBSEQUENT EVENTS

(a) On January 11, 2021, the Board of Directors awarded 2,092,000 RSUs to directors, officers, employees and consultants pursuant to the Company's RSU plan. The vesting of 50% of the RSUs granted to key executives are subject to specific performance goals that reflect the successful execution of the Company's business plan. All RSUs are subject to time-based vesting; one third (1/3) of the RSUs granted will vest on each of the first, second and third anniversaries of the grant date. In addition, 66,000 options were granted for investor relations services. Each option has an exercise price of $4.00, vests quarterly starting on the date of the grant, and will expire January 11, 2024.

(b) On February 9, 2021, the Company licensed otenaproxesul to Nuance Pharma ("Nuance") for commercialization in the Greater China region. The license provides Nuance with exclusive rights to commercialize otenaproxesul in China, Hong Kong, Macau, and Taiwan. Under the terms of the agreement, Antibe is entitled to US$100 million in milestone payments, including US$20 million upfront and US$80 million in development and sales milestones, in addition to a double-digit royalty on sales. Clinical development and regulatory costs for the region will be borne by Nuance.