



MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and Six months ended September 30, 2021

Dated: November 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

The following management's discussion and analysis (this "MD&A") of the operating results and financial position of Antibe Therapeutics Inc. ("Antibe" or the "Company") is for the three and six months ended September 30, 2021 ("Q2 2022") and for the comparator period, the three and six month period ended September 30, 2020 ("Q2 2021") and should be read in conjunction with the Company's most recent audited consolidated financial statements (the "2021 Audited FS") and the notes thereto. The unaudited condensed interim consolidated financial statements were prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended March 31, 2021.

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting* and are presented in thousands of Canadian dollars unless otherwise noted herein.

This MD&A was approved by the Company's Board of Directors on November 15, 2021.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A about the Company's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expect", "plan", "intend", "trend", "indication", "anticipate", "believe", "estimate", "predict", "likely" or "potential", or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by the Company in light of management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate and reasonable in the circumstances.

Many factors could cause the Company's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements. The purpose of the forward-looking statements is to provide readers with a description of management's expectations regarding, among other things, the Company's financial performance and research and development plans and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking statements.

Furthermore, unless otherwise stated, the forward-looking statements are made as of the date of this MD&A, and the Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. New factors emerge from time to time, and it is not possible for the Company to predict which factors may arise. In addition, the Company cannot assess the impact of each factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Without limitation, this MD&A may contain forward-looking statements pertaining to the following:

- the Company's research and development plans (including the persons expected to oversee, coordinate and participate in such plans), business model, focus, strategic objectives and growth strategy;
- the Company's current and future capital requirements and the need for additional financing;
- the continuation of the Company as a going concern;
- the payment of dividends;
- the Company's plans for Citagenix;
- the Company's expectations regarding net losses and revenue generation; and

- the Company’s expectations regarding increases in research and development costs and general and administrative expenses.

With respect to forward-looking statements, assumptions have been made regarding, among other things:

- the Company’s future research and development plans proceeding substantially as currently envisioned;
- expected research and development tax credits;
- future expenditures to be incurred by the Company;
- research and development and operating costs;
- the Company’s ability to find partners in the pharmaceutical industry;
- additional sources of funding, including the Company’s ability to obtain funding from partners;
- the impact of competition on the Company;
- the Company being able to obtain financing on acceptable terms; and
- the Company’s ability to license and/or obtain for sale new and innovative regenerative medicine products.

Because the factors discussed in this MD&A could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by the Company, readers should not place undue reliance on any such forward-looking statements. These statements are subject to risks and uncertainties, known and unknown, which could cause actual results and developments to differ materially from those expressed or implied in such statements. Such risks and uncertainties relate, among other factors, to:

- The Company’s research and development activities not achieving the desired outcomes
- the Company’s history of operating losses;
- the Company’s ability to obtain additional capital in the future to conduct operations, research and development activities and develop its products;
- the availability of tax credits;
- the Company’s ability to find partners in the pharmaceutical industry;
- the Company’s ability to license its products on terms and conditions acceptable to the Company;
- the Company’s ability to compete against other companies and research institutions with greater financial and other resources;
- the Company’s ability to secure and maintain adequate protection for its intellectual property;
- the Company’s ability (or the ability of the Company’s partners) to obtain regulatory approvals for the Company’s products;
- the Company’s ability to attract and retain key personnel; and
- the Company’s ability to expand its regenerative medicine business into additional products and markets;
- the potential impact of the COVID-19 crisis on the Company’s operations.

The Company’s actual results could differ materially from those discussed in the following MD&A.

COMPANY OVERVIEW

Antibe is a clinical stage biotechnology company leveraging its proprietary hydrogen sulfide (“H₂S”) platform to develop next-generation safer therapies to address inflammation arising from a wide range of medical conditions. The Company’s current pipeline includes three assets that seek to overcome the gastrointestinal (“GI”) ulcers and bleeding associated with nonsteroidal anti-inflammatory drugs (“NSAIDs”). Antibe’s lead drug, otenaproxesul, is in development for the treatment

of acute and chronic pain. Additional assets include GI-sparing alternatives to ketoprofen and low-dose aspirin. The Company's next target is inflammatory bowel disease ("IBD"), a condition long in need of safer, more effective therapies.

On November 12, 2020, the Company completed its graduation to the Toronto Stock Exchange ("TSX") and the Company's Common Shares ("the Common Shares") began trading on the TSX under the symbol "ATE". Concurrently, the Common Shares were voluntarily delisted from the TSX Venture Exchange. The Common Shares will continue to trade on the OTCQX market under the symbol "ATBPF".

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, unless otherwise noted.

On June 3, 2021, the Company completed an amalgamation transaction to combine the Company with Antibe Holdings Inc. ("Holdings"). The Company was founded with an exclusive intellectual property ("IP") license from Holdings to develop and commercialize the Company's pipeline drugs. The license obligated the Company to pay royalties to Holdings on revenues derived from this IP. Pursuant to this transaction, the Company has acquired full ownership of Holdings' patent portfolio, eliminating the royalty liability on future revenues.

On August 3, 2021, the Company announced that it had placed its absorption, metabolism and excretion ("AME") study of otenaproxesul on a required pause because a pre-specified safety threshold was exceeded. Following the quarter, the Company completed a scientific and strategic review leading to the launch of an acute pain program for otenaproxesul with clinical studies to commence in calendar Q1 2022. The Company is also investigating alternative dosing regimens as a potential path forward for chronic indications.

NOVEL DRUG DEVELOPMENT PLATFORM

Antibe's drug development platform originates, develops and out-licenses patent protected new pharmaceuticals that are improved versions of existing drugs. These improvements originate from Nobel Prize-winning medical research¹ highlighting the crucial role of gaseous mediators: chemical substances produced in the human body to regulate a range of fundamental cellular processes. The Company's drug design methodologies involve chemically linking a base drug to a H₂S-releasing molecule; in short, improving existing inflammation-targeted therapies with the goal of making them safer and/or more effective.

Otenaproxesul: Lead Drug Candidate

The Company's lead compound, otenaproxesul, combines hydrogen sulfide H₂S with naproxen, an approved, marketed and off-patent NSAID. By combining the attributes of H₂S with naproxen, multiple preclinical studies have shown that otenaproxesul has analgesic efficacy that is at least equal to that of naproxen while demonstrating a significantly improved GI side-effect profile versus naproxen and other commonly used NSAIDs.

The Company's overall strategy is to monetize otenaproxesul and its drug pipeline at the optimal time through partnering or mergers and acquisitions ("M&A") activity. Antibe's primary regulatory focus is to obtain United States Food and Drug Administration ("US FDA") approval for otenaproxesul given that the United States is the world's largest pharmaceutical market. The Company has also engaged a European regulatory consulting agency to develop a strategy for European Market Area ("EMA") approval. Upon the conclusion of this mandate, the Company plans on identifying the optimal path forward for seeking regulatory approval for otenaproxesul in Europe.

Recent Developments.

On March 29, 2021, Antibe announced that the U.S. FDA had cleared the Company's Investigational New Drug ("IND") application for otenaproxesul for the treatment of osteoarthritis pain. This enables Antibe to undertake human clinical trials for otenaproxesul in the United States.

¹ The Nobel Prize in Physiology or Medicine 1998 was awarded jointly to Robert F. Furchgott, Louis J. Ignarro and Ferid Murad "for their discoveries concerning nitric oxide as a signalling molecule in the cardiovascular system". Louis J. Ignarro is a member of the Company's Scientific Advisory Board.

During the quarter, the Company commenced an AME study of otenaproxesul in Canada, which was expected to conclude in calendar Q4 2021. On August 3, 2021, the Company announced that it had placed the AME study on a required pause because a pre-specified safety threshold was exceeded. At that point, the study had enrolled a total of 42 subjects on either a 75 mg or 100 mg daily dose of otenaproxesul, of whom 35 had completed the 28-day drug administration period, with seven subjects having been administered the drug for 21 days. Three subjects in the 100 mg cohort, who had completed the full drug administration period, exhibited liver transaminase elevations (“LTEs”) exceeding five times the upper limit of normal, triggering the required pause. Other indicators of liver function for these subjects were normal. Following the 4-week drug administration period, a further three subjects exhibited similar LTEs. All six subjects, including five in the 100 mg cohort and one in the 75 mg cohort, completed their in-clinic observation period without any additional safety findings. All LTEs were transient, self-limiting and required no clinical intervention. While it continues to investigate alternative dosing regimens as a potential path forward for chronic indications, the Company has launched an acute pain program for otenaproxesul

During the quarter, the Company completed a single-dose pharmacokinetic (“PK”) and pharmacodynamic (“PD”) study in 24 healthy volunteers in the U.S. in connection with its IND filing with the U.S. FDA. Subjects were administered the single dose of either 150 mg or 100 mg of otenaproxesul, tolerating the drug without incident and successfully completing on-study and follow-up assessments with no clinically meaningful adverse events or clinically significant laboratory abnormalities. The results are being used to guide future development of otenaproxesul.

Acute Pain Program Development Plan.

By leveraging otenaproxesul’s existing comprehensive clinical data package, including its demonstrated efficacy and GI safety profile, the Company anticipates launching its clinical program for acute pain calendar Q1 2022. This will involve a series of short PK/PD studies to identify optimal treatment regimens for post-operative pain. Subsequently, the Company anticipates initiating otenaproxesul’s Phase II post-operative pain trial in calendar Q4 2022. Employing a surgical bunionectomy model, recognized as one of the most reliable methods for evaluating analgesic efficacy in post-operative pain, this trial is expected to deliver top-line data in six months.

If the Phase II trial is successful, the Company will request an end of Phase 2 meeting with the U.S. FDA to discuss the Phase III program. Given the short treatment durations employed in acute pain trials, it is anticipated that the full Phase III program for otenaproxesul can be completed within 12 months of its commencement. This includes two concurrent, pivotal efficacy trials to assess post-operative pain relief for the following surgical procedures: (i) the hard tissue model of bunionectomy, replicating the Phase II trial with a larger sample size; and (ii) abdominoplasty, a widely accepted soft tissue surgical model. The Company intends to apply for marketing approval for a broad acute pain indication.

Given the extensive animal studies already performed in support of otenaproxesul’s chronic pain program, the Company does not anticipate a requirement for additional animal studies for its acute pain program.

The Company is undertaking a comprehensive third-party market opportunity and reimbursement study, including revenue projections for the large acute pain markets, with results expected in late calendar Q1 2022. This will involve both primary and secondary research, including interviews with surgeons, anesthesiologists and pain specialists. Subsequently, the Company plans to initiate a partner targeting study to support strategic outreach as the drug’s therapeutic and commercial potential is fully validated.

The following summarizes the Company’s estimated development timeline for otenaproxesul

- PK/PD clinical trials initiated – Q1 2022
- Third-party commercial study results – Q1 2022
- Optimal treatment regimens determined – Q3 2022
- Phase II bunionectomy trial initiated – Q4 2022
- End of Phase II meeting and initiation of the Phase III program – H2 2023

If marketing approval is obtained, Antibe plans to initiate a series of studies to further investigate the effectiveness of otenaproxesul in other acute pain indications such as migraine, dysmenorrhea, blunt trauma and gout, all large markets with few safe and effective therapies.

ATB-352: Acute Pain Analgesic for Specialized Indication

ATB-352 is an H₂S-releasing derivative of ketoprofen, a potent NSAID commonly prescribed for acute pain. Preclinical studies have revealed a potential application in a specialized indication with high unmet need. The Company is seeking IP for this indication.

Development Status. Antibe has confirmed the non-addictive properties of ATB-352. Preclinical studies have demonstrated that ATB-352 caused negligible GI damage compared to ketoprofen.² . The Company is pursuing additional animal proof-of-concept studies for the specialized indication.

New Chemistry Initiatives

The Company has commenced new chemistry initiatives to identify additional H₂S-releasing compounds that show promise in the treatment of acute pain, chronic pain and other inflammatory conditions. The Company has engaged a full-service contract research organization (“CRO”), Dalriada Drug Discovery, to provide medicinal chemistry capabilities, screening, selection and advancement of drug candidates for IND-enabling studies. The Company has also contracted with a medicinal chemistry consultant affiliated with a leading academic institution in the United States. The Company will retain ownership rights of any new IP filed as a result of these mandates.

The Company is currently screening molecules to identify its go-forward candidate for IBD. Comprising treatments for Crohn’s disease and ulcerative colitis, the IBD market is expected to nearly double between 2019 and 2029 to US\$25 billion (Global Data). The Company’s new IBD candidate is being designed using the architecture of ATB-429, a hydrogen sulfide-releasing IBD drug acquired via the recent amalgamation with Holdings that has extensive and promising animal data but diminishing patent life.

Intellectual Property

During the quarter, the Company filed a patent application that covers the novel dosing regimens envisaged for acute use of otenaproxesul. In addition, the Company is seeking IP for the recently identified potential specialized indication for ATB-352. If granted, both drugs will benefit from new IP protection in major markets into the 2040s.

Additional medicinal chemistry and drug discovery efforts are being directed towards the development of fresh IP for existing pipeline drugs (including Otenaproxesul) to lengthen the duration of patent and market protection.

Commercial Strategy & Business Development

Acute Pain. The Company has initiated a comprehensive commercial research program and anticipates embarking on strategic partnering outreach beginning in H2 2022. Initially targeting the post-operative pain market, the Company intends to expand to indications such as migraine, dysmenorrhea, blunt trauma and gout, all large markets with few safe and effective therapies.

The global market for post-operative pain is estimated to be US\$13 billion, with opioids and NSAIDs accounting for the majority share (Transparency Research). In the U.S., there are 50 million surgical procedures annually that require post-operative pain medication and more than two million Americans may become persistent opioid users each year (Brummett et al., 2017). The resurgent opioid crisis is pressuring prescribers, payors and policymakers to reduce the use of opioids across medical practice. In particular, the treatment of post-operative pain continues to rely on opioids, with little innovation addressing the period beyond two to three days following surgery, when the transition to home care generally occurs.

In a commercial study of acute pain conducted by leading life science strategy consultancy, Shift Health, GI safety was cited as the top concern amongst surgeons and clinicians prescribing NSAIDs in a hospital setting. Antibe's Phase IIB GI safety trial showed that patients administered prescription naproxen for 14 days exhibited a 42% incidence of 3 mm ulcers, compared to 2.5% in those taking otenaproxesul.

² Gemici et al. H₂S-releasing drugs: Anti-inflammatory, cytoprotective and chemopreventative potential. Nitric Oxide Vol 46, pages 25-31 (2015).

COMMERCIAL ASSET IN REGENERATIVE MEDICINE

Antibe's subsidiary, Citagenix, is a marketer and distributor of tissue regenerative products addressing the oral and craniofacial market in Canada and internationally. Citagenix has grown a comprehensive portfolio of high-quality, branded biologics and medical devices that promote bone regeneration. Citagenix is active in 25 countries, operating in Canada through its direct sales teams, and internationally via a network of distributor partnerships.

Citagenix has become a leading provider in the dental regenerative medicine industry in Canada due to its high-knowledge approach and comprehensive portfolio of quality products and brands, including Raptos®, PentOS OI™, Neomem®, Neomem® FlexPlus, and C-Graft Putty™. These strengths are being leveraged to replicate Citagenix's success in Canada on a global scale. Citagenix is positioned for growth via two main initiatives: strategic footprint expansion and portfolio expansion. However, Citagenix continues to record operating losses and is not a fit with the Company's core business of developing new drugs as a clinical stage biotechnology company. The Company is in active discussions with a potential purchaser of Citagenix.

SELECTED FINANCIAL INFORMATION

The selected financial information provided below is derived from the Company's unaudited condensed interim consolidated financial statements. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting* and are presented in thousands of Canadian dollars unless otherwise noted herein.

	Three Months ended		Six Months ended	
	Sept 30, 2021	Sept 30, 2020	Sept 30, 2021	Sept 30, 2020
	\$	\$	\$	\$
Operating Expenses:				
Research and development	5,242	4,808	8,469	6,899
General and administrative	1,661	2,159	2,988	3,674
Selling and marketing	26	25	141	37
Stock-based compensation	1,460	752	3,243	1,758
Total Operating Expenses	8,389	7,744	14,841	12,368
Loss from Continuing Operations	8,389	7,744	14,841	12,368
Finance and related costs	22	(14)	(11)	(15)
Finance Income	(38)	(12)	(84)	(21)
Net Loss from Continuing Operations	8,373	7,718	14,746	12,332
Loss from Discontinued Operations	302	1,193	226	1,498
Net Loss	8,675	8,911	14,972	13,830

As at September 30, 2021, Citigenix was classified as a disposal group held for sale and as a discontinued operation. Citigenix financial results are therefore shown as a Loss from Discontinued Operations for the three and six months ended September 30, 2021 and for the comparable three and six months period in 2020.

Three months ended September 30, 2021 compared with the three months ended September 30, 2020

Operating expenses for the three months ended September 30, 2021, as detailed in the Statement of Loss and Comprehensive Loss, totaled \$8,389 as compared to \$7,744 for the three months ended September 30, 2020.

General and administrative, selling and marketing, research and development and stock-based compensation expenses totaled \$8,389 (2020 - \$7,744). The increase of \$645 related to the following variations:

- General and administrative expenditures decreased by \$498 to \$1,661 primarily due to lower professional and consulting fees and office expenses partly offset by higher salaries and wages and other expenses.
- Selling and marketing costs totaled \$26 in 2021 compared to \$25 in 2020. Marketing and sales costs at Antibe were unchanged from the previous year.
- Research and development costs increased by \$434 to \$5,242 in 2021 from \$4,808 in 2020 primarily due to higher development costs for otenaproxesul studies and pill manufacturing costs and salaries and wages and consulting fees.
- Stock-based compensation increased by \$708 in 2021 to \$1,460 due to expensing of RSU's.

Finance and related costs totalled \$22 in 2021 (negative \$14 in 2020), representing interest and bank charges, interest on loan payable, accretion interest and unrealized foreign currency translation costs or gains. These expenses will continue to be incurred in the future. Interest income of \$38 from cash balances in 2021 compared to \$12 in 2020, the difference being due to higher cash balances in 2021.

For the three months ended September 30, 2021, the Company reported a net loss from continuing operations of \$8,373 as compared to a net loss from continuing operations of \$7,718 for the three months ended September 30, 2020.

Overall, the Company expects net losses to continue as otenaproxesul and other drug candidates advance through the regulated clinical phases of its development program. In addition, the Company will continue to require significant overhead to manage the development of its assets and to operate as a public company, which may result in increased expenses in the 'general and administrative expense' category.

Six months ended September 30, 2021 compared with the six months ended September 30, 2020

Operating expenses for the six months ended September 30, 2021, as detailed in the Statement of Loss and Comprehensive Loss, totaled \$14,841 as compared to \$12,368 for the six months ended September 30, 2020.

General and administrative, selling and marketing, research and development, stock-based compensation expenses totaled \$14,841 (2020 - \$12,368). The increase of \$2,473 related to the following variations:

- General and administrative expenditures decreased by \$686 to \$2,988 primarily due to lower professional and consulting fees and office expenses partly offset by higher, salaries and wages and other expenses.
- Selling and marketing costs totaled \$141 in 2021 compared to \$37 in 2020. The increase of \$104 was due to higher advertising and promotion costs and travel and entertainment costs.
- Research and development costs increased by \$1,570 to \$8,469 in 2021 from \$6,899 in 2020 primarily due to higher development costs for otenaproxesul studies and pill manufacturing costs and salaries and wages and consulting fees.
- Stock-based compensation increased by \$1,485 in 2021 to \$3,243 due to expensing of RSU's.

Finance and related income totalled \$11 in 2021 (\$15 in 2020) representing interest and bank charges, accretion interest and unrealized foreign currency translation costs or gains. These expenses will continue to be incurred in the future. Interest income of \$84 from cash balances in 2021 compared to \$21 in 2020, the difference being due to higher cash balances in 2021.

For the six months ended September 30, 2021, the Company reported a net loss from continuing operations of \$14,746 as compared to a net loss from continuing operations of \$12,332 for the six months ended September 30, 2020.

Quarterly Summary

The following table presents unaudited selected financial information for the eight most recently completed financial quarters:

	Year ending March 31, 2022		Year ended March 31, 2021				Year ended March 31, 2020	
	Q2 \$	Q1 \$	Q4 \$	Q3 \$	Q2 \$	Q1 \$	Q4 \$	Q3 \$
Comprehensive loss	(8,675)	(6,299)	(5,975)	(6,478)	(8,925)	(4,921)	(6,849)	(4,196)
Basic and fully diluted net income (loss) per share	(0.17)	(0.13)	(0.14)	(0.17)	(0.23)	(0.16)	(.24)	(.15)

Quarterly comprehensive losses increased by \$2,376 in Q2 2022 from Q1 2022 primarily due to higher research and development expenditures.

The Company does not intend to pay dividends in the foreseeable future. Any future decision to pay cash dividends will be left to the discretion of the Board of Directors of the Company and will depend on the Company's financial position, operating results and capital requirements at the time, as well as such other factors that the Board of Directors may consider relevant. The Company has paid no dividends and has no retained earnings from which it might pay dividends.

Assets Held for Sale and Discontinued Operations

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

The results of Citigenix for the three and six months ended September 30, 2021 and 2020 are presented below:

	Three months ended September 30, 2021	Three months ended September 30, 2020	Six months ended September 30, 2021	Six months ended September 30, 2020
	\$	\$	\$	\$
Revenue	2,755	2,865	5,482	3,970
Cost of goods sold	1,571	1,943	3,216	2,636
Gross profit	1,184	922	2,266	1,334
Expenses	1,486	1,145	2,492	1,829
Loss before tax from discontinued operations	302	223	226	495
Provision for (recovery of) income taxes	-	-	-	-
Loss from discontinued operations	302	223	226	495

Within the September 30, 2021 interim consolidated statements of financial position, following the classification of Citigenix as a discontinued operation, assets held for sale were as follows:

	September 30, 2021
	\$
Accounts receivable, net of allowances	1,109
Inventory	2,871
Prepaid & other	121
Intangible assets	805
Property, Plant & Equipment	240
Assets held for sale	5,146

The major classes of liabilities classified as held for sale presented within the September 30, 2021 interim consolidated statements of financial position are presented below:

	September 30, 2021
	<u>\$</u>
Accounts payable and accrued liabilities	1,781
Lease Liability	195
Liabilities associated with assets held for sale	<u>1,976</u>

Cash flows from operations incurred by Citagenix for the six months to September 30, 2021 was \$(482). Loss from discontinued operations for the three and six months ended September 30, 2021, was \$302 and \$226, respectively (2020 – \$223 and \$495, respectively).

Liquidity and Capital Resources

On June 3, 2021, the Company completed a three-cornered amalgamation transaction with Holdings. In consideration, the Company issued an aggregate of 5,873,092 Common Shares for a total consideration of \$25,980, to acquire all of the issued and outstanding shares of Holdings, following which Holdings was amalgamated first with a wholly owned subsidiary of the Company created to affect the amalgamation and then with the Company itself. The amalgamation was accounted for as an acquisition of the underlying assets of Holdings. The fair value of the assets acquired include \$26,051 in intangible assets related to intellectual property, \$65 in cash, net of amounts owed to Antibe for advances made in the quarter prior to the amalgamation, \$28 in other assets, \$130 in income taxes payable and \$34 in other current liabilities. The fair value of the intellectual property was determined based on the relief from royalty method.

The Company completed a financing by prospectus in February 2021. The following provides additional information on the prospectus financing completed during the six months ended September 30, 2020:

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

¹Each 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.

²Gross 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 financing completed during the six months ended September 30, 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
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.

The following is a summary of all warrants exercised during the six months ended September 30, 2021 and 2020:

Exercise price	2021		2020	
	Number of warrants exercised	Gross proceeds	Number of warrants exercised	Gross proceeds
\$		\$		\$
1.50	-	-	915,650	1,374
2.50	-	-	3,100	8
3.00	42,640	128	8,100	24
3.50	-	-	268,650	940
4.00	-	-	256,503	1,026
	42,640	128	1,452,003	3,372

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

For the six months ended September 30, 2021 the Company had cash flows from operating activities of negative \$11,306 consisting of negative \$11,564 cash flows from operations plus positive \$258 from changes in working capital. In addition, there were negative cashflow used in investing activities of \$236. These net cash outflows were financed in part by a total of \$51 in cash flows provided by financing activities. The resulting net change in cash for the six months ended September 30, 2021 was negative \$11,491 leaving a closing cash balance of \$60,482. The Company's working capital does not include a requirement for excess inventory or extended customer terms.

The Company's future capital requirements will depend on many factors including, without limitation, the scope of the Company's research and efforts, the results of the studies that comprise those efforts, the Company's ability to successfully manage its development partners, the Company's ability to grow its regenerative medicine business and the Company's ability to conclude licensing or partnering agreements. If the development of otenaproxesul proceeds as planned, and the scientific results of the planned development work are positive, the Company expects to be in a strong position to attract new investment and/or obtain additional financing at attractive rates. However, financial market and other conditions may result in the Company not being able to secure the additional financing needed to complete the development of any of its assets on terms acceptable to the Company, or at all.

As at September 30, 2021, the Company had no commitments for capital expenditures and no sources of financing arranged-but-not-used.

Outstanding Share Data

As at September 30, 2021, there were 51,683,993 common shares, stock options in respect of 1,266,935 common shares, restricted share units of 3,254,533 common shares and 7,834,091 warrants outstanding.

Commitments

The Company renewed its lease for the use of its 15 Prince Arthur Ave. office space effective September 6, 2019. The lease is for an indefinite period and cancellable on six months notice.

The Company has long-term leases with respect to its premises in Laval, Quebec. In addition, the Company is obligated to pay for its proportional share of maintenance and other related cost for the leased premises.

Royalties

(a) Royalty agreements

On November 16, 2015, the Company announced the signing of an exclusive long-term license and distribution agreement with Knight Therapeutics Inc., a leading Canadian specialty pharmaceutical company, for the Company's anti-inflammatory and pain drugs, ATB-346, 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 six months ended September 30, 2021.

On February 24, 2017, Antibe entered into an exclusive long-term license and distribution agreement ("License Agreement 1") with Laboratoires Acbel SA for ATB-346 in Albania, Algeria, Bulgaria, Greece, Jordan, Romania and Serbia (the "Territory"). Acbel is an affiliated holding company of Galenica SA and one of the largest pharmaceutical companies 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 ATB-346 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. Additionally, Antibe will receive a double-digit royalty on net sales in the Region. 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 contracts on the interim consolidated statement of financial position in the amount of \$236 as at September 30, 2021.

On February 9, 2021, Antibe announced that it had entered into an exclusive licensing agreement ("License Agreement 3") with Nuance Pharma Limited ("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, representing approximately 10% of the worldwide pharma market. 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. Antibe and Nuance have established a structure for collaborating on otenaproxesul's clinical development in the region, ensuring a fit with Antibe's global regulatory strategy. Fees paid to an agent used in obtaining License Agreement 3 have been recorded as deferred contracts on the interim consolidated statement of financial position in the amount of \$1,047 as at September 30, 2021.

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

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements.

Transactions between Related Parties

The Company recorded no transactions between related parties.

Summary of Significant Accounting Policies and Use of Estimates

The preparation of 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, 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, intangible assets not yet subject to amortization, credit losses and inputs related to the calculation of fair value of stock-based compensation and warrants.

The Company may be eligible for Scientific Research and Experimental Development (“SR&ED”) tax credits on research and development expenses incurred since its formation. As a publicly listed company, future federal SR&ED tax credits, if awarded at all, may be received only in the form of non-refundable tax credits. Provincial SR&ED tax credits, if awarded at all, may be received in cash.

A summary of the Company’s significant accounting policies is provided in the notes to the 2021 Audited FS (note 3).

Financial Instruments

A summary of the Company’s financial instruments is provided in the notes to the 2021 Audited FS (Note 21).

Capital and Financial Risk Management

An overview of the Company’s capital and financial risk management issues and strategies is provided in the notes to the September 30, 2021 unaudited condensed interim consolidated financial statements (Notes 15 and 16).

RISK FACTORS

Any investment in the Company involves a number of risks. In addition to the information contained elsewhere in this MD&A and in the referenced 2021 Audited FS and related notes, investors and prospective investors should give careful consideration to the following risk factors. If any of the following events described as risks or uncertainties actually occurs, the Company’s business, prospects, financial condition and operating results would likely suffer, possibly materially. In that event, the market price of the Common Shares could decline and investors could lose part or all of their investments. Additional risks and uncertainties presently unknown to the Company, or that the Company believes not to be material at this time, may also impair or have a material adverse effect on the Company’s operations.

Start-up and Basis of Presentation

In January 2010, the Company commenced operations after having acquired from Holdings an exclusive worldwide license to use Holdings’ intellectual property to develop, clinically study and market new human pharmaceutical products based on H₂S linked to NSAIDs and statins.

The Company conducts pre-clinical research on other of its assets in order to assess them as potential future pre-clinical and clinical development candidates. The Company is considered a development stage enterprise. Almost all research and development, administration and capital expenditures incurred by the Company since the commencement of operations are associated with the development described above.

On October 15, 2015 the Company acquired 85% of Citagenix, a Montreal-based sales and distribution company of regenerative medicine surgical products, primarily bone graft and membrane products for dental, oral cranial maxillofacial (“OCF”) and orthopedic surgery (remaining 15% interest acquired on February 2, 2016). The Company is in active discussions with a potential purchaser of Citagenix.

The Company is subject to a number of risks and material uncertainties associated with the successful development and acquisition of new products and their marketing, the conduct of its clinical studies and their results, the ability to increase market share and expand its distribution network and the establishment of strategic alliances as needed. The Company will have to acquire the financing needed to conduct its research and development operations, as well as its strategic development activities for growth in the field of regenerative medicine. To achieve the objectives of its business plan, the Company plans to raise capital and enter into development partnerships as needed. The products developed by the Company will require approval from regulatory bodies including the FDA, Health Canada, and similar organizations in other countries before their sale can be authorized.

Risks Related to the Company’s Business

Ability to Continue as a Going Concern

The unaudited condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As at September 30, 2021, the Company had working capital of \$64,480, incurred a net loss from continuing operations for the six months ended September 30, 2021 of \$14,746, had negative cash flows from operations of \$11,306 and an accumulated deficit of \$100,928.

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.

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 the 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.

Lack of Supporting Clinical Data

The clinical effectiveness and safety of any of the Company’s developmental products is not yet supported by clinical data and the medical community has not yet developed a large body of peer reviewed literature that supports the safety and efficacy of the Company’s products. If future studies call into question the safety or efficacy of the Company’s products, the Company’s business, financial condition, and results of operations could be adversely affected.

Research and Development Risk

A principal component of the Company's business strategy is to expand its product offering to fully exploit its core science and related technologies. As such, the Company's organic growth and long-term success is dependent in part on its ability to successfully develop new and current products and it will likely incur significant research and development expenditures to do so. The Company cannot be certain that any investment in research and development will yield feasible or commercially viable products. Furthermore, its ability to discover and develop products will depend on its ability to:

- retain key scientists and executives as employees or partners;
- identify high quality therapeutic targets and unmet medical needs;
- identify potential drug candidates;
- develop products internally and assist its partners with development;
- successfully complete laboratory testing and clinical trials on humans;
- obtain and maintain necessary intellectual property rights to the Company's products;
- obtain and maintain necessary U.S. and other regulatory approvals for its products;
- collaborate with third parties to assist in the development of its products; and
- enter into arrangements with third parties to co-develop, license, and commercialize its products.

The Company may not be successful in discovering and developing drug products. Failure to introduce and advance new and current products could materially and adversely affect the Company's operations and financial condition.

Clinical Development Risks

The Company must demonstrate the safety and efficacy of otenaproxesul (and potentially other products it develops) through, among other things, extensive clinical testing. The Company's drug research and development programs are at an early stage of development. Numerous unforeseen events during, or as a result of, the testing process could delay or prevent commercialization of any products the Company develops, including the following:

- the results of clinical studies may be inconclusive, may demonstrate potentially unsafe drug characteristics, or may not be indicative of results that will be obtained in later human clinical trials;
- the safety and efficacy results attained in the early clinical studies may not be indicative of results that are obtained in later clinical trials; and
- after reviewing clinical study results, the Company or its partners or collaborators may abandon projects that were previously thought to be promising.

Clinical studies are very expensive, can run into unexpected difficulties and the outcomes are uncertain. The data collected from studies the Company conducts may not be sufficient to support the regulatory approval of additional human testing of such product(s). Clinical studies of the Company's products may not be completed on schedule or on budget. The Company's failure to complete any of its clinical studies on schedule or on budget, or its failure to adequately demonstrate the safety and efficacy of any of the products it develops, could delay or prevent regulatory approval of such products, which could adversely affect the Company's business, financial condition, and results of operations.

Negative Cash Flow from Operating Activities

The Company reported negative cash flow from operating activities for the twelve months ended March 31, 2021, and also for the first half of fiscal year 2022, and expects to experience negative operating cash flows for the foreseeable future. Until such time as the Company's drug products are approved for sale, or the revenue and profits from the sale of its regenerative medicine products are sufficient to produce positive cash flows, the Company's working capital requirements are dependent on the Company's ability to raise capital by selling additional equity or from proceeds from the exercise of stock options and Common Share purchase warrants, by obtaining business development revenue (milestone payments for licensing agreements), or by obtaining credit facilities. No assurance can be given that any such additional funding or revenue will be available or that, if additional funding is available, it can be obtained on terms favourable to the Company.

Operational Risk

In the normal course of business, the Company's operations continue to be influenced by a number of internal and external factors and are exposed to risks and uncertainties that can affect its business, financial condition and operating results. The Company's activities are subject to ongoing operational risks, including the performance of key suppliers, product performance, and government and other industry regulations, all of which may affect its ability to meet its obligations. In addition, and although the Company believes it has prudently adopted conservative assumptions in its business planning and related cost estimations, no assurances can be given that such assumptions will prove to be accurate.

Reliance on Partners and Suppliers

Antibe works with a number of third parties to develop its products (and finance such development) and it purchases a number of its products for resale from third parties, and it expects its reliance on third party partnerships and suppliers to increase in the future. If the Company's current or future strategic partners and suppliers do not devote adequate resources to product development, or if they experience financial difficulties, change their business strategy or undergo a business combination that affects their willingness or ability to fulfill their obligations to the Company, the result could be a material adverse effect on the Company's financial condition, results of operations and/or cash flow. Furthermore, if the Company is unable to enter into additional partnerships and supplier relationships in the future, or if the current or future partnerships and supplier relationships fail, the Company's ability to develop and sell products could be impacted negatively and the Company's business could be adversely affected. There can be no assurances that the Company will be able to establish these future strategic relationships, or, if established, that the relationships will be maintained.

Distributor Risks

The Company distributes its existing product line and anticipates distributing any future products in part through non-exclusive distribution partnerships with multiple distributors. If the distributors are unable or unwilling to promote and deliver the product to end customers, the Company's financial condition and operating results could be materially impacted. There can be no assurance the Company will be successful in managing the nuances of their markets to ensure the success of the Company's products in those markets.

Disruptions in Production

Factors that affect the production and sale of the company's products which could result in decreases in profitability include: (a) Acts of God; (b) the expiration or termination of leases, contracts, permits or licenses; (c) sales price redeterminations; (d) future litigation; (e) work stoppages or other labour difficulties; (f) disputes with suppliers, distributors and subcontractors; (g) political risk with offshore suppliers; (h) reliance on suppliers with highly technical and not easily replaceable expertise; and (i) changes in the market and general economic conditions. Weather conditions, equipment replacement or repair and fires can have a significant impact on operating results.

Seasonality

Sales may have seasonal components which may result in significant variances in quarterly operating results and may also significantly increase working capital requirements on a quarterly basis.

Fluctuations in Exchange Rates

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and the United States and sells throughout the world. The Company's revenues and costs are primarily in Canadian and U.S. dollars and Euros. The Company has not hedged its exposure to currency fluctuation.

Income Taxes

Income taxes are accrued based on current taxes expected to be paid or recovered for the period, and deferred taxes applicable in respect of the temporary differences that will reverse in subsequent periods. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Company's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of the Company's ability to utilize the underlying future tax deductions changes, the Company would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined.

Significant judgment is required in determining the global provision for taxation. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions for uncertain tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at each balance sheet date. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Worsened General Economic Conditions

The decline in the global economic environment in recent years and the continuing economic instability in certain parts of the world resulted in increasing uncertainty regarding future revenue and customer commitments, both in terms of timing and magnitude for such future sales. If the global economic climate does not recover, the Company may not generate the sales activity required to support its operations resulting in requirement for additional restructurings and erosion of its existing capital resources which may hinder the future viability of the Company.

Acquisitions

The Company in the future may, acquire businesses, products or technologies that it believes complement or expand its existing business. Acquisitions of this type involve a number of risks, including the possibility that the operations of the acquired business will not be profitable or that the attention of the Company's management will be diverted from the day-to-day operation of its business. An unsuccessful acquisition could reduce the Company's margins or otherwise harm its financial condition.

Product Liability and Medical Malpractice Claims

The Company may be exposed to risks associated with product liability claims if the use of the Company's products results in injury or property damage. In addition, medical malpractice claims may be brought against the Company. The Company carries what it believes to be adequate product liability insurance as well as clinical studies insurance, but the Company may not have adequate resources to satisfy a judgment if a successful claim is brought. The assertion of product liability or medical malpractice claims may also significantly damage the Company's reputation.

Management of Growth

The Company's future results of operations will depend in part on the ability of its officers and other key employees to implement and expand operational, customer support and financial control systems and to expand, train and manage its employee base. The Company's future performance will also depend to a significant extent on its ability to identify, attract, train and retain highly skilled sales, technical, marketing and management personnel.

Dependence on Key Personnel

Antibe's success is dependent on certain key management personnel, primarily its scientists and executives, who are key to the existence and continuity of Antibe. Furthermore, competition for qualified employees among biotechnology industry companies is intense, and the loss of key personnel or inability to attract and retain additional highly skilled employees required for the expansion of activities could adversely affect Antibe's business. There can be no assurance that these persons will remain available to Antibe, forcing Antibe to attract and retain additional qualified employees and key executives for the achievement of Antibe's business goals.

Protection of Intellectual Property

The Company's success depends in part on its ability to maintain or obtain and enforce patent and other intellectual property protections for its processes and technologies and to operate without infringing upon the proprietary rights of third parties or having third parties circumvent the rights that the Company owns or licenses. The Company has applications and registrations in the United States, Canada, and other jurisdictions, and has received some patents and expects others, and may, in the future, seek additional patents and registrations or file patent applications and registrations.

Patents may provide some degree of protection for intellectual property; however, patent protection involves complex legal and factual determinations and is therefore uncertain. The Company cannot be assured that its patents or patent applications will be valid or will issue over prior art, or that patents will issue from the patent applications it has filed or will file. Additionally, the Company cannot be assured that the scope of any claims granted in any patent will be commercially useful or will provide adequate protection for the technology used currently or in the future. The Company cannot be certain that the creators of its technology were the first inventors of inventions and processes covered by its patents and patent applications or that they were the first to file. Accordingly, it cannot be assured that its patents will be valid or will afford protection against competitors with similar technology or processes. Despite its efforts to protect its proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use its proprietary information. Monitoring unauthorized use of confidential information is difficult and the Company cannot be certain that the steps taken to prevent unauthorized use of confidential information will be effective. In addition, the laws governing patent protection continue to evolve and are different from one country to the next, all of which causes further uncertainty in the usefulness of a patent. In addition, issued patents or patents licensed to the Company may be successfully challenged, invalidated, circumvented or may be unenforceable so that the Company's patent rights would not create an effective competitive barrier.

Moreover, the laws of some countries may not protect the Company's proprietary rights to the same extent as do the laws of the United States and Canada. There are also countries in which the Company intends to sell its products, but has no patents or pending patent applications, or trademark registrations. The Company's ability to prevent others from making or selling duplicate or similar technologies will be impaired in those countries in which there is no intellectual property protection. If the Company is not able to adequately protect its intellectual property and proprietary technology, its competitive position, future business prospects and financial performance will be adversely affected.

Unpatented trade secrets, technological innovation and confidential know-how are also important to the Company's success. Although protection is sought for proprietary information through confidentiality agreements and other appropriate means, these measures may not effectively prevent disclosure of proprietary information, and, in any event, it cannot be assured that others will not independently develop the same or similar information or gain access to the same or similar information. In view of these factors, the Company's intellectual property positions have a degree of uncertainty.

Setbacks in these areas could negatively affect the Company's ability to compete and materially and adversely affect its business, financial condition and results of operations.

Inability to Implement the Business Strategy

The growth and expansion of the Company's business is heavily dependent upon the successful implementation of the Company's business strategy. There can be no assurance that Antibe will be successful in the implementation of its business strategy.

Large Accumulated Deficit

Antibe has a large accumulated deficit, expects future losses, and may never achieve or maintain profitability. It has incurred substantial losses since inception and expects to incur additional operating losses in the future as a result of research and development costs and ongoing operating costs including the additional costs of operating as a public company. The extent of the Company's future losses is highly uncertain, and its prospects must be considered in light of the risks and uncertainties encountered by a company in the early stage of product development in the continuously evolving human pharmaceutical market, including the risks described throughout this MD&A. If the Company cannot successfully address these risks, its business and financial condition will suffer.

Competitive Market for Antibe's Products

The pharmaceutical and biotechnology industries are highly competitive. Overall, most of Antibe's competitors in the pharmaceutical and biotechnology industries are larger and have greater financial and other resources, which enable them to invest significant amounts of capital and other resources in their businesses, including expenditures for research and development and sales and marketing. If one of Antibe's current or future competitors develops innovative proprietary products, some or all of Antibe's products could be rendered obsolete.

Intellectual Property Litigation

Patents issued or licensed to the Company and trademarks registered or licensed to the Company may be infringed upon by the products or processes of others. The cost of enforcing intellectual property rights against infringers, if such enforcement is required, could be significant, and the time demands could interfere with normal operations. There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical industry. Antibe may become a party to intellectual property litigation and other proceedings. The cost of any intellectual property litigation, even if resolved in the Company's favour, could be substantial. Some of the Company's competitors may be able to sustain the costs of such litigation more effectively than the Company can because of their substantially greater financial resources. Litigation may also absorb significant time and could divert management's attention from Antibe's core business. Litigation also puts the Company's intellectual property at risk of being invalidated or interpreted narrowly, and puts patent applications at risk of not being issued.

Additionally, it is possible that patents issued or licensed to Antibe may be challenged successfully by third parties in patent litigation. Patent applications which relate to or affect the business may have been filed by others and may conflict with the Company's technologies or patent applications; this could reduce the scope of patent protection which could otherwise be obtained or even lead to refusal of patent applications. It is also possible for others, on an independent basis, to develop products which have the same effect as the Company's products or to design around the technology protected by the Company's patents. In any event, if the Company is unable to secure or to continue to maintain a preferred position, its products could become subject to competition from the sale of generic or equivalent products. Antibe could also become involved in interference proceedings in connection with one or more of its patents or patent applications to determine priority of invention.

Antibe cannot be certain that it is the creator of inventions covered by pending patent applications or that it was the first to file patent applications for any such inventions. It cannot be assured that the Company's patents, once issued, would be declared by a court to be valid or enforceable, or that a competitor's technology or product would be found to infringe upon the Company's products. In the event that a court were to find that the Company was infringing upon a valid patent of a third party, it could be required to pay a substantial damage award, develop non-infringing technology, enter into royalty-bearing licensing agreements or stop selling its products. It cannot be assured that the Company could enter into licensing arrangements at a reasonable cost, or at all. Any inability to secure licenses could result in delays in the introduction of some of the Company's products or even lead to prohibition of the development, manufacture or sale of certain of its products.

Although no claims against the Company are, to its knowledge, currently pending, it may be subject to claims. Litigation may be necessary to defend against these claims. Even if the Company is successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

Non-IP Litigation

Any unfavourable court judgment or other cases could affect Antibe's cash flow.

Regulatory Risk

Antibe will require approval from the U.S. FDA and Health Canada to conduct future human clinical studies in the U.S. and Canada respectively, and will require approval from these regulatory agencies and equivalent organizations in other countries before any of its products can be marketed. There is no assurance that such approvals will be forthcoming. Furthermore, the exact nature of the studies these regulatory agencies will require is not known and can be changed at any time by the regulatory agencies, increasing the financing risk and potentially increasing the time to market the Company faces, which could adversely affect the Company's business, financial condition or results of operations.

Regulatory Compliance

In both domestic and foreign markets, the development, formulation, manufacturing, packaging, labeling, handling, distribution, import, export, licensing, sale and storage of pharmaceuticals and medical devices are affected by a body of laws, governmental regulations, administrative determinations, including those by Health Canada and the U.S. FDA, court decisions and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There can be no assurance that Antibe and Antibe's partners are in compliance with all of these laws, regulations and other constraints. Antibe and its partners may be required to incur significant costs to comply with such laws and regulations in the future, and such laws and regulations may have an adverse effect on the business. The failure of the Company or its partners to comply with current or future regulatory requirements could lead to the imposition of significant penalties or claims and may have a material adverse effect on the business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretations of such requirements might result in significant compliance costs or lead Antibe and its partners to discontinue product development and could have an adverse effect on the business.

International Operations

Antibe's international operations expose it and its representatives, agents and distributors to risks inherent to operating in foreign jurisdictions that could materially adversely affect its operations and financial position. These risks include:

- Country specific taxation policies;
- Imposition of additional foreign governmental controls or regulations;
- Export license requirements;
- Changes in tariffs and other trade restrictions; and
- Complexity of collecting receivables in a foreign jurisdiction.

Moreover, applicable agreements relating to business in foreign jurisdictions are governed by foreign laws and are subject to dispute resolution in the courts of, or through arbitration proceedings in, the country or region in which the parties are located or another jurisdiction agreed upon by the parties. Antibe cannot accurately predict whether such jurisdictions will provide an effective and efficient means of resolving disputes that may arise in the future. Even if it obtains a satisfactory decision through arbitration or a court proceeding, Antibe could have difficulty in enforcing any award or judgment on a timely basis or at all.

Reliance on Information Technology

Despite the implementation of security measures, our internal computer systems, and those of our third parties on which we rely, are vulnerable to damage from computer viruses and unauthorized access, malware, natural disasters, fire, terrorism, war and telecommunication, electrical failures, cyber-attacks or cyber-intrusions over the Internet, attachments to emails, persons inside our organization, or persons with access to systems inside our organization. The risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Should a material system failure or security breach occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations. For example, the loss of clinical trial data from completed, ongoing or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. Likewise, we rely on third parties for the manufacture of our product candidates and to conduct clinical trials, and similar events relating to their computer systems could also have a material adverse effect on our business. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development and commercialization of our future product candidates could be delayed.

Financial Instruments

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 Holdings 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.

As at September 30, 2021, the Company's financial obligations, including applicable interest, are due as follows:

	Less than 1 year	1 – 2 years	After 2 years	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,602	-	-	1,602
Income tax payable	5	-	-	5
Liabilities directly associated with assets held for sale	1,976	-	-	1,976
	3,583	-	-	3,583

Foreign currency risk. The functional and reporting currency of the Company is the Canadian dollar. The Company undertakes transactions denominated in foreign currencies, including U.S. 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.

Coronavirus "COVID-19"

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 IIB dose ranging, efficacy trial in 2020 took an additional six weeks to complete due to factors such as the COVID-19 related closure of medical clinics, doctors becoming ill from COVID-19, and staff working from home, all of which slowed the collation of the trial data. COVID-19 particularly impacted the Company's wholly owned subsidiary, Citagenix, by causing a significant decrease in sales due to a decline in customer demand in fiscal Q1 2020. COVID-19 could further impact the Company's expected timelines, operations and the operations of its third-party suppliers, manufacturers, and Contract Research Organizations as a result of quarantines, facility closures, travel and logistics restrictions and other limitations

in connection with the outbreak. The most significant risk posed by the COVID-19 pandemic is that it could also significantly impact the progress and completion of animal and clinical studies.

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.

Disclosure Controls and Procedures

The Company's management is responsible for establishing and maintaining disclosure controls and procedures, as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") and have designed such disclosure controls and procedures to provide reasonable assurance that material information with respect to the Company is made known to them and information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The Company's management is responsible for establishing and maintaining internal controls over financial reporting ("ICFR"), as defined in NI 52-109 and have designed such ICFR to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with IFRS.

There have been no changes in the Company's ICFR during the three months ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Risks Related to Financing

Volatility of Share Price

Market prices for shares of companies such as Antibe are often volatile. Factors that could have a significant effect on the share price of the Common Shares include, but are not limited to, the results of animal and human clinical studies, regulatory responses or developments regarding the Company's products or processes, developments regarding current or future third party strategic partners, announcements of technological innovations, new commercial products, patents, trademarks, the development of proprietary rights by the Company or by others or any litigation relating to these rights, regulatory actions, general conditions in the pharmaceutical and medical device industries, the Company's failure to meet analysts' expectations, the Company's financial results, general economic conditions in the United States, Canada or abroad and terrorism. In recent years, the shares of other companies in the pharmaceutical and medical device industries have experienced extreme price fluctuations that have been both related and unrelated to the operating performance of the affected companies. It cannot be assured that the market price of the Common Shares will not experience significant fluctuations in the future.

Future Sales of Common Shares

The market price of the Common Shares could decline as a result of issuances by the Company or sales by existing shareholders of Common Shares in the market, or the perception that these sales could occur. Sales by shareholders might also make it more difficult for the Company to sell equity securities at a time and price deemed appropriate.

Dividends

Antibe has not paid dividends on the Common Shares in the past and has no plans to pay dividends on the Common Shares for the foreseeable future. The Company's current intention is to retain earnings to fund the development and growth of the business and it does not anticipate declaring or paying any cash dividends in the near to medium term. The Board will determine if and when dividends should be paid in the future based on all relevant circumstances, including the desirability of financing future growth and the financial position at the relevant time.

Internal Controls over Financial Reporting

As a public company, Antibe is required to comply with the internal control evaluation and certification requirements of securities laws in Canada. The Company's financial reporting internal controls are currently in compliance with those requirements. Ensuring compliance with reporting and other obligations places significant demands on management, administrative, operational and accounting resources and will result in increased independent auditor fees. The Company anticipates that it will need to continue to upgrade systems, implement additional financial and management controls, reporting systems and procedures. If it is unable to accomplish these objectives in a timely and effective fashion, its ability to continue to comply with the financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls, including a failure to implement new or improved controls in response to identified weaknesses in its system of internal controls, could cause the Company to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial statements or prevent fraud, its reputation and operating results could be materially harmed, its current and future shareholders could lose confidence in the reported financial information and in the Company, and the Company's share price could be affected negatively.

Prior Losses

It is expected that the Company will continue to experience operating losses until product sales and/or licensing rights income generate sufficient revenues to fund its continuing operations, including research and product development. There is no assurance that Antibe will be able to realize such revenues.

Antibe has incurred net losses from operations since inception. If, in the future, Antibe needs but cannot raise additional funds, it may not be able to continue as a going concern and realize its assets and pay its liabilities as they fall due. The financial statements have been prepared on a going concern basis, which assumes Antibe will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

Ability to Secure Additional Financing & Dilution of Common Shares

Antibe expects that its current cash and cash equivalent reserves will be sufficient to meet its anticipated needs for working capital and capital expenditures for the near future. If estimates of revenue, expenses, or capital or liquidity requirements change or are inaccurate, or if cash generated from operations is insufficient to satisfy liquidity requirements, the Company may arrange additional financings. In the future, the Company may also arrange financings to give it the financial flexibility to pursue attractive acquisition or investment opportunities that may arise. The Company may pursue additional financing through various means, including equity investments, issuances of debt, joint venture projects, and licensing arrangements or through other means. The Company cannot be certain that it will be able to obtain additional financing on commercially reasonable terms or at all. The Company's ability to obtain additional financing may be impaired by such factors as the status of capital markets, both generally and specifically in the pharmaceutical and medical device industries, and by the fact that it is a new enterprise without a proven operating history. If the amount of capital raised from additional financing activities, together with revenues from operations (if any), is not sufficient to satisfy the Company's capital needs, it may not be able to develop or advance its products, execute its business and growth plans, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer or partner requirements. If any of these events occur, the Company's business, financial condition, and results of operations could be adversely affected. Any future equity financings undertaken are likely to be dilutive to existing shareholders. Finally, the terms of securities issued in future capital transactions may include preferences that are more favourable to new investors.

ANTIBE THERAPEUTICS INC.

LISTINGS:

TORONTO STOCK EXCHANGE
STOCK SYMBOL "ATE"

OTCQX
STOCK SYMBOL "ATBPF"

TRANSFER AGENT:

COMPUTERSHARE
100 UNIVERSITY AVENUE, 11TH FLOOR, SOUTH TOWER
TORONTO, ONTARIO M5J 2Y1

REGISTERED ADDRESS:

15 PRINCE ARTHUR AVE.
TORONTO, ONTARIO
M5R 1B2

