



TRYP THERAPEUTICS INC.

Condensed Interim Consolidated Financial Statements

(Unaudited and Expressed in Canadian dollars)

For the three and nine months ended May 31, 2022



TRYP THERAPEUTICS INC.

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed interim consolidated financial statements of Tryp Therapeutics Inc. (the "Company") are the responsibility of the Company's management. The condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and reflect management's best estimates and judgments based on information currently available.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the condensed interim consolidated financial statements prior to their submission to the Board of Directors for approval.

The condensed interim consolidated financial statements as at May 31, 2022, and for the three and nine months ended May 31, 2022 and 2021, have not been audited or reviewed by the Company's independent auditors.

TRYP THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at May 31, 2022 and August 31, 2021

(unaudited, expressed in Canadian dollars)

	Notes	May 31, 2022	August 31, 2021
ASSETS			
Current			
Cash and cash equivalents		\$ 2,845,284	\$ 3,692,271
Prepays and advances		520,667	369,166
Other receivables	4	7,167	21,775
Total Current Assets		3,373,118	4,083,212
Non-Current			
Intangible assets	5	146,904	24,964
Total Assets		\$ 3,520,022	\$ 4,108,176
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	6	\$ 549,825	\$ 185,363
Total Liabilities		549,825	185,363
Shareholders' Equity			
Share capital	7	13,777,527	9,691,644
Warrants	7	264,580	-
Contributed surplus	7,8	2,930,632	2,908,495
Accumulated deficit		(14,002,542)	(8,677,326)
Total Shareholders' Equity		2,970,197	3,922,813
Total Liabilities and Shareholders' Equity		\$ 3,520,022	\$ 4,108,176

Nature of operations and going concern (note 1)

Subsequent Events (note 13)

Approved on behalf of the Board of Directors:

"Peter Molloy" (signed)

Director

"Gage Jull" (signed)

Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

TRYP THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended May 31,
(unaudited, expressed in Canadian dollars)

	Notes	Three months ended May 31, 2022	Three months ended May 31, 2021	Nine months ended May 31, 2022	Nine months ended May 31, 2021
General and administration	9	\$ 993,550	\$ 1,443,487	\$ 3,942,726	\$ 2,461,371
Directors' fees		37,651	53,333	157,651	123,333
Research and development	10	167,404	161,158	1,117,172	254,417
Share-based payments	8	(497,616)	917,530	42,100	1,696,677
Total expenses		700,989	2,575,508	5,259,649	4,535,798
Other income and expenses					
Interest income		254	4,424	2,734	7,640
Foreign exchange loss		(49,140)	-	(68,301)	-
Impairment of intangible assets	5	-	-	-	(956,360)
Net loss and comprehensive loss		(749,875)	(2,571,084)	(5,325,216)	(5,484,518)
Loss per share for the period- basic and diluted		\$ (0.01)	\$ (0.04)	\$ (0.07)	\$ (0.10)
Weighted average number of shares outstanding		81,950,440	66,372,181	71,996,086	54,415,181

The accompanying notes are an integral part of these condensed interim consolidated financial statements

TRYP THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited, expressed in Canadian dollars)

	Notes	Number	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Total
Balance August 31, 2020		38,391,722	\$ 2,264,954	\$ -	\$ -	\$ (422,617)	\$ 1,842,337
Net loss for the period		-	-	-	-	(5,484,518)	(5,484,518)
Shares issued for cash		26,376,537	8,482,051	-	-	-	8,482,051
Shares issued for services		900,000	135,000	-	-	-	135,000
Shares issued for agent's compensation		1,000,500	250,125	-	-	-	250,125
Fair value of agents warrants		-	-	-	23,896	-	23,896
Fair value of agent's compensation units		-	-	-	172,844	-	172,844
Fair value of compensation units transferred on exercise		-	14,211	-	(14,211)	-	-
Share-based payments		-	-	-	1,696,677	-	1,696,677
Share issue costs		-	(1,150,135)	-	-	-	(1,150,135)
Balance May 31, 2021		66,668,759	9,996,206	-	1,879,206	(5,907,135)	5,968,277
Balance August 31, 2021	7	66,668,759	9,691,644	-	2,908,495	(8,677,326)	3,922,813
Net loss for the period	7	-	-	-	-	(5,325,216)	(5,325,216)
Exercise of options	7	180,000	46,963	-	(19,963)	-	27,000
Shares issued from private placement	7	25,000,000	4,000,000	-	-	-	4,000,000
Share-based payments	8	-	-	-	42,100	-	42,100
Warrants issued on exercise of units	7	-	(264,580)	264,580	-	-	-
Shares issued for services	7	3,570,588	303,500	-	-	-	303,500
Balance May 31, 2022		95,419,347	\$ 13,777,527	\$ 264,580	\$ 2,930,632	\$ (14,002,542)	\$ 2,970,197

The accompanying notes are an integral part of these condensed interim consolidated financial statements

TRYP THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended May 31,
(unaudited, expressed in Canadian dollars)

		2022	2021
OPERATING ACTIVITIES			
Net loss and comprehensive loss		\$ (5,325,216)	\$ (5,484,518)
Items not affecting cash:			
Share-based payments	8	42,100	1,696,677
Shares issued for services		303,500	135,000
Impairment of intangible assets		-	956,360
Changes in non-cash working capital			
Other receivables		14,608	(10,425)
Prepays and advances		(151,501)	(428,771)
Trade and other payables		364,462	(69,546)
Cash used in operating activities		\$ (4,752,047)	\$ (3,205,223)
INVESTING ACTIVITY			
Purchase of intangibles	5	\$ (121,940)	\$ (12,951)
Cash used in investing activity		\$ (121,940)	\$ (12,951)
FINANCING ACTIVITIES			
Shareholder loan re-payment		-	(4,514)
Proceeds from IPO		-	5,002,500
Proceeds from private placement	7	4,000,000	2,000,000
Proceeds from exercise of warrants		-	1,442,500
Proceeds from exercise of compensation units		-	37,051
Deferred financing costs		-	26,520
Share issued costs		-	(703,270)
Exercise of stock options	7,8	27,000	-
Cash provided by financing activities		\$ 4,027,000	\$ 7,800,787
Increase (decrease) in cash during the period		\$ (846,987)	\$ 4,582,613
Cash and cash equivalents, beginning of period		3,692,271	1,019,100
Cash and cash equivalents, end of period		\$ 2,845,284	\$ 5,601,713

The accompanying notes are an integral part of these condensed interim consolidated financial statements

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine months ended May 31, 2022
(unaudited, expressed in Canadian dollars)

1. COMPANY INFORMATION

Nature of Operations

Tryp Therapeutics Inc. (“The Company” or “Tryp”) was incorporated under *the BC Business Corporations Act* on September 24, 2019 under the name “Artos Pharma Corp.” (“Artos”). On June 30, 2020, Artos changed its name to “Tryp Therapeutics Inc.” On January 9, 2020, Artos split the common shares on the basis of two hundred (200) new shares for every one (1) common share held. On June 23, 2020, Artos consolidated the common shares on the basis of one (1) new share for every two hundred and fifty (250) common shares held. All common share information in these condensed interim consolidated financial statements has been presented on a post-split and post-consolidation basis.

The Company is a clinical-stage biotechnology company focused on developing psilocybin-related molecules, including TRP-8803, for the treatment of diseases with unmet medical needs through accelerated regulatory pathways. Tryp's Psilocybin-For-Neuropsychiatric Disorders (PFN™) program is focused on the development of synthetic psilocybin-related molecules as a new class of drug for the treatment of binge eating, chronic pain, and other indications. The Company has begun enrolling patients in its Phase II trial for the treatment of binge eating disorder at the University of Florida and recently announced an upcoming Phase IIa clinical trial with the University of Michigan to evaluate TRP-8802 for fibromyalgia. TRP-8803 is a proprietary psilocybin-based product that uses a novel formulation and route of administration to potentially improve efficacy, safety and the patient experience.

On December 17, 2020, the Company completed its initial public offering (“IPO”) of the Company’s shares pursuant to a final prospectus dated December 8, 2020 (the “Prospectus”) including the exercise in full by the Agent of its over-allotment option for an aggregate issuance of 20,010,000 units at a price of \$0.25 per unit for aggregate gross proceeds of \$5,002,500.

On March 16, 2021, Tryp Therapeutics (USA) Inc. (“Tryp USA”) was incorporated in the State of Delaware, United States of America and is 100% owned by Tryp Therapeutics Inc.

The Common Shares of Tryp commenced trading on the Canadian Securities Exchange under the symbol “TRYP” on December 18, 2020. On April 5, 2021, the Company commenced trading on the OTCQB Venture Market under the symbol “TRYPF”.

The Company’s principal address, records office and registered address are located at 301 – 1665 Ellis Street, Kelowna, BC V1Y 2B3, Canada.

Going Concern

The Company is in the development stage and currently has no sources of cash from operations. Further funds will be required to successfully develop the Company’s business and there is no certainty that these funds will be available. The Company had a net loss and comprehensive loss of \$5,325,216 for the nine months ended May 31, 2022 (May 31, 2021 – \$5,484,518) and a negative cash flow from operating activities of \$4,752,047 for the nine-month period ended May 31, 2022 (May 31, 2021 – \$3,205,223). The Company has accumulated a deficit of \$14,002,542 (August 31, 2021 – \$8,677,326) since inception. The operations of the Company have primarily been funded by the issuance of common shares. The Company’s continuation as a going concern is dependent upon its ability to raise equity capital or borrowings sufficient to meet current and future obligations, development and ultimately achieve profitable operations. These condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine months ended May 31, 2022
(unaudited, expressed in Canadian dollars)

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Company's last annual financial statements for the year ended August 31, 2021 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The condensed interim consolidated financial statements were authorized for issue by the Company's Board of Directors on July 28, 2022.

b) Basis of measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for share-based compensation which is measured at fair value.

c) Functional and presentation currency

These consolidated interim financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company is measured using the currency of the primary economic environment which the entity operates. The functional currency of Tryp Therapeutics Inc. is Canadian dollars ("CAD"). The functional currency of Tryp USA. is U.S. dollars ("USD").

d) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Tryp USA. The Company consolidates this subsidiary on the basis that it controls the subsidiary. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balance have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, critical accounting judgements and significant estimates used in the preparation of the Company's audited consolidated financial statements for the year ended August 31, 2021 have been applied in the preparation of these condensed consolidated interim financial statements There have been no changes since that date.

4. OTHER RECEIVABLES

	May 31, 2022	August 31, 2021
Taxes recoverable	\$ 7,167	\$ 21,775
Total	\$ 7,167	\$ 21,775

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine months ended May 31, 2022
(unaudited, expressed in Canadian dollars)

5. INTANGIBLE ASSETS

During the nine months May 31, 2022, the Company invested \$121,940 (for the year-end August 31, 2021 - \$24,804) in intellectual property to secure patents as follows:

Costs	Intellectual Property
Balance August 31, 2020	960,725
Additions	24,804
Impairment	(960,565)
Balance August 31, 2021	\$ 24,964
Additions	121,940
Balance May 31, 2022	\$ 146,904

On January 9, 2020, the Company and a director entered into a purchase and assignment agreement (the "IP Purchase Agreement") pursuant to which the Company acquired certain inventions, technical information and patent application (the "Purchased Assets"). Pursuant to the terms of the IP Purchase Agreement, the Company issued 32,000 common shares at a price of \$0.005 per common share for a value of \$160 for the Purchased Assets.

On June 23, 2020, the Company entered into purchase agreements (collectively the "Additional IP Purchased Agreements") with certain of the directors of the Company pursuant to which the Company acquired certain inventions, technical information and patent application (the "Additional Purchased Assets"). Pursuant to the terms of the Additional IP Purchase Agreements, the Company issued an aggregate of 19,127,200 common shares at a price of \$0.05 per common share for an aggregate value of \$956,360 for the Additional Purchased Assets.

In April 2021, the Company determined that it was in the Company's best interest with respect to its IP strategy to discontinue the patent prosecution relating to the Additional Purchase Assets resulting in a reduction in value of intangible assets by \$960,565. On February 28, 2021, the Company recorded an impairment of \$960,565 on intangible assets. The impairment was based on Level 3 in accordance with financial instruments, refer to note 12.

The balance as at May 31, 2022, relates to patent applications.

6. TRADE AND OTHER PAYABLES

	May 31, 2022	August 31, 2021
Trade payables	\$ 549,825	\$ 185,041
Due to related party - Note 11	-	322
Total	\$ 549,825	\$ 185,363

7. SHARE CAPITAL AND WARRANTS

Authorized share capital

The Company's authorized share capital consists of:

- a) Unlimited common shares without par value.
- b) Unlimited preferred shares without par value. As at May 31, 2022, there were no preferred shares issued.

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine months ended May 31, 2022
(unaudited, expressed in Canadian dollars)

7. SHARE CAPITAL AND WARRANTS (continued)

Common Shares

The following is a summary of changes in share capital from August 31, 2020 to May 31, 2022:

	Number	Issue Price	Total
Balance August 31, 2020	38,391,722		\$ 2,264,954
Shares issued for services	900,000	\$ 0.150	\$ 135,000
Shares issued for IPO	20,010,000	0.250	5,002,500
Shares issued for corporate finance fee	1,000,500	0.250	(274,021)
Shares issued for private placement	3,333,333	0.600	2,000,000
Shares issued on exercise of warrants	2,885,000	0.500	1,442,500
Exercise of compensation units	148,204	0.250	37,051
Issuance of agent units	-	-	(172,844)
Share issue costs	-	-	(743,496)
Balance August 31, 2021	66,668,759		\$9,691,644
Shares issued on exercise of options	180,000	0.150	46,963
Shares issued for private placement	5,000,000	0.200	1,000,000
Shares issued for settlement of consulting fees	3,570,588	0.085	303,500
Shares issued for private placement	20,000,000	0.150	3,000,000
Warrants issued with private placement	-	-	(264,580)
Balance May 31, 2022	95,419,347		\$ 13,777,527

On February 17, 2022, the Company completed the first tranche of a non-brokered private placement issuing 5,000,000 common shares at a price of \$0.20 per common share for gross proceeds of \$1,000,000 to the controlling shareholder and former director of the Company.

On April 22, 2022, the Company issued an aggregate of 3,570,588 common shares at a deemed price of \$0.085 per common share in settlement of \$303,500 owed to a consultant and former interim CFO for past services.

On April 22, 2022, the Company completed the second tranche of a non-brokered private placement issuing 20,000,000 units (the "Units") at a price of \$0.20 per Unit, for gross proceeds of \$3,000,000 to the controlling shareholder and former director of the Company. Each individual unit consists of one common share and one-half of one non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional common share at a price of \$0.20 per Common Share until April 22, 2024.

The Company issued 10,000,000 warrants in the private placement. The fair value of the warrants issued was estimated at \$264,580 using the Black-Scholes option pricing model, with the following weighted-average assumptions:

	April 22, 2022
Share price	\$0.085
Exercise price	\$0.20
Expected life	2 years
Volatility	96.80%
Risk-free interest rate	2.47%

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine months ended May 31, 2022
(unaudited, expressed in Canadian dollars)

7. SHARE CAPITAL AND WARRANTS (continued)

Warrants Continuity

During the year ended August 31, 2021, the Company issued an aggregate 2,885,000 common shares pursuant to the exercise of 2,885,000 IPO Warrants at an exercise price of \$0.50.

The following is a summary of changes in share purchase warrants from August 31, 2020 to May 31, 2022:

	Number of Warrants	Weighted Average Exercise Price
Balance August 31, 2020	-	-
Granted	11,671,667	\$0.54
Exercised	(2,885,000)	\$0.50
Balance August 31, 2021	8,786,667	\$0.55
Granted	10,000,000	\$0.20
Expired	(7,120,000)	\$0.50
Balance May 31, 2022	11,666,667	\$0.28

As at May 31, 2022, the following share purchase warrants were outstanding:

Expiry Date	Number of Warrants	Exercise Price
February 16, 2023	1,666,667	\$0.75
April 22, 2024	10,000,000	\$0.20
	11,666,667	

As at May 31, 2022, 11,666,667 share purchase warrants were outstanding and exercisable (August 31, 2021 - 8,786,667) with a weighted average remaining contractual life of 1.73 years (August 31, 2021 – 0.52 years)

During the period ended August 31, 2021, the Company paid a corporate finance fee of 5% of the of the aggregate number of IPO Units issued pursuant to the Offering (the “Corporate Finance Fee”). Pursuant to the Corporate Finance Fee the Company issued an aggregate 1,000,500 common shares (the “Corporate Finance Shares”) and 500,250 Agent warrants (an “Agent Warrant”). Each Agent Warrant is exercisable into one common share at an exercise price of \$0.50 per Agent Warrant until December 17, 2021, subject to acceleration in certain events.

The following is a summary of changes in Agent warrants from August 31, 2020 to May 31, 2022:

	Number of Warrants	Weighted Average Exercise Price
Balance August 31, 2020	-	-
Granted	500,250	\$0.50
Issued upon exercise of Agent Compensation Units	74,102	\$0.50
Balance August 31, 2021	574,352	\$0.50
Expired	(574,352)	\$0.50
Balance May 31, 2022	-	

As at May 31, 2022, no Agent warrants were outstanding and exercisable (August 31, 2021 – 574,352).

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine months ended May 31, 2022
(unaudited, expressed in Canadian dollars)

7. SHARE CAPITAL AND WARRANTS (continued)

Warrants Continuity (continued)

During the period ended August 31, 2021, the Company paid an Agent a cash fee equal to 8% of the gross proceeds of the Offering plus a 4% commission on the presidents list (the "Agent's Fee") in cash and compensation units (an "Agent's Unit"). Pursuant to the Agent's Fee the Company issued 1,443,200 Agent's Units at a value of \$172,843. Each Agent's Unit is exercisable into one common share and one-half of one common share purchase warrant (each whole warrant an "Agent Compensation Warrant") at an exercise price of \$0.25 per Agent Compensation Warrant until December 17, 2021.

The following is a summary of changes in Agent units from August 31, 2020 to May 31, 2022:

	Number of Warrants	Weighted Average Exercise Price
Balance August 31, 2020	1,443,200	\$0.25
Exercised	(148,204)	\$0.25
Balance August 31, 2021	1,294,996	
Expired	(1,294,996)	\$0.25
Balance May 31, 2022	-	-

As at May 31, 2022, no Agent Compensation Units were outstanding and exercisable (August 31, 2021 - 1,294,996).

Escrow Shares

In connection with the IPO as at May 31, 2022, 12,175,440 common shares were held in escrow and will be released based on the Company's escrow agreement whereby 3,043,860 common shares will be released every six months until December 17, 2023.

8. SHARE-BASED PAYMENTS

Option Plan Details

On January 9, 2020, the Company implemented an Incentive Stock Option Plan that was further amended on April 1, 2021 (the "Stock Option Plan"). Pursuant to the Stock Option Plan, the Company may grant stock options to directors, officers, employees and consultants for services, provided that the number of common shares reserved for issuance shall not exceed 15% of the issued and outstanding common shares with options exercisable for a period of up to 10 years. The exercise price and vesting terms of the options granted under the Stock Option Plan will be determined by the Board of Directors.

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine months ended May 31, 2022
(unaudited, expressed in Canadian dollars)

8. SHARE-BASED PAYMENTS (continued)

Options

The following is the summary of changes in options outstanding:

	Number of Options	Weighted Average Exercise Price
Balance, August 31, 2020	-	\$ -
Granted	14,869,684	0.32
Balance, August 31, 2021	14,869,684	\$ 0.32
Granted	7,200,000	0.18
Exercised	(180,000)	(0.15)
Cancelled	(2,000,000)	(0.71)
Forfeited	(6,000,000)	(0.72)
Balance, May 31, 2022	13,889,684	\$ 0.17

On October 18, 2021, 200,000 options were granted to an employee. The options have an exercise price of \$0.40, a term of 10 years, with one-sixth vesting in April 2022 and the remaining options vesting in equal monthly instalments thereafter. These options were subsequently cancelled on April 22, 2022 and 200,000 options were reissued to the employee on May 31, 2022 as described below.

On October 22, 2021, 180,000 vested options that were originally issued on November 2, 2020 were exercised for shares at \$0.15.

On January 31 and February 3, 2022, 1,500,000 and 4,500,000 options were forfeited, respectively.

On April 22, 2022, the Company granted 5,000,000 options to officers, employees and directors at an exercise price of \$0.17, a term of 10 years, and vest in equal monthly instalments over a period of 12 months.

On April 22, 2022, the Company cancelled an aggregate of 2,000,000 options held by certain officers, employees and directors with exercise prices ranging from \$0.40 to \$0.75 and re-granted the same number of options to such individuals on May 22, 2022 at an exercise price of \$0.17 and a term of 10 years, subject to vesting restrictions. The stock option grant was accounted for as replacement and modification of stock options previously granted. This modification of options has been treated as a repricing of options, where the remaining incremental fair value of the cancelled options was immediately expensed, and a new fair value is used in determining share-based payment expense over the new vesting period of the regranted options.

As at May 31, 2022, 13,889,684 (August 31, 2021 – 14,869,684) options were outstanding with a weighted average remaining contractual life of 8.13 (August 31, 2021 – 7.66) years.

Fair Value of Options Granted During the Period

During the nine-month period ended May 31, 2022, the weighted average fair value at grant date of options granted was \$0.18 per option. Of the options outstanding and granted, 5,217,901 were exercisable under the Plan with a weighted average contractual life of 6.88 years with the remaining 8,671,783 unvested options with an average contractual life of 8.88 years remaining.

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine months ended May 31, 2022
(unaudited, expressed in Canadian dollars)

8. SHARE-BASED PAYMENTS (continued)

Expenses Arising from Share-based Payment Transactions

The fair value of the options was determined using the following Black-Scholes option pricing model assumptions for the period ended:

	May 31, 2022	August 31, 2021
Share price	\$0.08 - \$0.66	\$0.15 - \$0.78
Exercise price	\$0.15 - \$0.68	\$0.15 - \$0.69
Expected life	5 - 10 years	5 – 10 years
Volatility	96.80% - 118.60%	59.99% - 100%
Risk-free Rate	0.36% - 2.76%	0.70%-1.55%

The total fair value of options granted during the nine months ended May 31, 2022, was \$507,456 of which \$184,781 has been recorded to share-based payment in the condensed interim consolidated statements of loss and comprehensive loss with a corresponding increase in contributed surplus. The remaining amount of \$322,675 will be expensed as the remaining unvested options vest.

9. GENERAL AND ADMINISTRATION EXPENSES

	Three months ended		Nine months ended	
	May 31 2022	May 31 2021	May 31 2022	May 31 2021
Professional fees	25,412	54,200	134,079	147,345
Consulting fees and salaries	566,194	280,822	1,820,221	589,008
Insurance	193,757	33,637	398,575	50,456
Office and administration fees	16,584	47,320	290,242	56,883
Regulatory and legal fees	120,470	12,321	257,834	48,623
Transfer agent	-	732	-	17,797
Investor relations and corporate development	71,133	1,014,455	1,041,775	1,551,259
	993,550	1,443,487	3,942,726	2,461,371

10. RESEARCH AND DEVELOPMENT EXPENSES

	Three months ended		Nine months ended	
	May 31 2022	May 31 2021	May 31 2022	May 31 2021
Preclinical Activities for TRP-8803	6,396	3,875	312,007	3,875
Development Activities for TRP-8802	161,008	148,038	805,165	191,008
Other	-	9,245	-	59,534
	167,404	161,158	1,117,172	254,417

TRYP THERAPEUTICS INC.
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11. RELATED PARTY TRANSACTIONS

As of May 31, 2022, included in trade and other payables are amounts due to officers and directors for fees and expenses of \$nil (August 31, 2021 - \$322). During the three months ended May 31, 2022, the Company issued 3,570,588 common shares at a deemed price of \$0.085 per common share to pay consulting fees aggregating \$303,500 owed to a consultant and former interim CFO for past services. During the nine months ended May 31, 2022, the Company completed the first and second tranche of a non-brokered private placement to the controlling shareholder and former director of the Company as described in Note 7.

Amounts due to related parties included in trade and other payables are unsecured, non-interest bearing and are without fixed terms of repayment.

12. FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, other receivables, and trade and other payable approximate their carrying values as they are typically expected to be settled within twelve months.

Fair value measurements recognized in the condensed interim consolidated statement of financial position is categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values. The three fair value hierarchy levels are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

a) Risks associated with financial instruments

(i) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash and cash equivalents held in bank accounts. The majority of cash is deposited in bank accounts held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

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12. FINANCIAL INSTRUMENTS (continued)

a) Risks associated with financial instruments (continued)

Historically, the Company's sole source of funding has been loans from related parties and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. The Company's financial liabilities are comprised of trade and other payables which are classified as current on the consolidated statement of financial position.

(iii) Interest risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at May 31, 2022 and 2021, the Company did not have any financial instruments subject to significant interest rate risk.

b) Capital management

The Company considers its share capital as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the nine-month period ended May 31, 2022.

13. EVENTS AFTER THE REPORTING DATE

Option Grants:

In June, 2022, the Company granted 2,200,000 stock options to the newly appointed Chief Operating Officer of the Company. The options have an exercise price of \$0.17, a term of 10 years, and vest in equal monthly instalments over a period of three years.

In June, 2022 the Company granted 800,000 stock options to a newly appointed Director of the Company. The options have an exercise price of \$0.17, a term of 10 years, and vest in equal monthly instalments over a period of 12 months.