



**TRYP THERAPEUTICS INC.**

**Consolidated Financial Statements**

(Expressed in Canadian dollars)

**For the Three and Six Months Ended February 28, 2023**

**Notice to Reader of Condensed Interim Consolidated Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements

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## Management's Responsibility for Financial Statements

The accompanying condensed interim financial statements of Tryp Therapeutics Inc. (the "Company" or Tryp) are the responsibility of management and the Board of Directors. These condensed interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the condensed interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the condensed interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the condensed interim financial statements and (ii) the condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the condensed interim financial statements together with other financial information of the Company for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

*(signed) "Jim Gilligan"*

Jim Gilligan  
President and Chief Executive Officer

*(signed) "Jim O'Neill"*

Jim O'Neill  
Chief Financial Officer

Kelowna, B.C., Canada  
April 28, 2023

# TRYP THERAPEUTICS INC.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at February 28, 2023 and August 31, 2022

(Unaudited - expressed in Canadian dollars)

	Notes	February 28, 2023	August 31, 2022
<b>ASSETS</b>			
Current			
Cash and cash equivalents	3	\$ 43,843	\$ 1,810,137
Restricted cash	3	78,336	72,048
Prepays and advances		200,855	286,894
Other receivables		14,943	6,382
<b>Total Current Assets</b>		<b>337,977</b>	<b>2,175,461</b>
Non-Current			
Intangible assets	4	163,091	163,091
<b>Total Assets</b>		<b>\$ 501,068</b>	<b>\$ 2,338,552</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current			
Trade and other payables	5, 11	\$ 1,987,378	\$ 1,195,274
<b>Total Liabilities</b>		<b>1,987,378</b>	<b>1,195,274</b>
<b>Shareholders' Equity</b>			
Share capital	6	13,497,123	13,497,123
Warrants	6	655,000	655,000
Contributed surplus	7	3,454,916	3,163,447
Accumulated deficit		(19,093,349)	(16,172,292)
<b>Total Shareholders' Equity</b>		<b>(1,486,310)</b>	<b>1,143,278</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 501,068</b>	<b>\$ 2,338,552</b>

Nature of operations (Note 1) and going concern (Note 2)

Approved on behalf of the Board of Directors:

"Gage Jull"

"Dave Tousley"

Director

Director

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

## TRYP THERAPEUTICS INC.

### CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the three and six months ended February 28, 2023

(Unaudited, expressed in Canadian dollars)

	Notes	Three months ended February 28, 2023	Three months ended February 28, 2022	Six months ended February 28, 2023	Six months ended February 28, 2022
General and administration	9	\$ 458,592	\$ 1,349,658	\$ 941,855	\$ 3,069,177
Research and development		701,379	344,961	1,648,701	949,768
Share-based payments	10	105,679	(145,683)	291,469	539,716
Total expenses	8	1,265,650	<b>1,548,936</b>	2,882,025	<b>4,558,661</b>
<b>Other Income and expenses</b>					
Interest income		(924)	(1,233)	(1,750)	(2,480)
Foreign exchange loss		21,988	11,266	40,782	19,161
<b>Net loss and comprehensive loss</b>		1,286,714	<b>1,558,979</b>	<b>2,921,057</b>	<b>4,575,342</b>
<b>Loss per share for the period-basic diluted</b>		<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.03)</b>	<b>\$ (0.08)</b>
<b>Weighted average number of shares outstanding</b>		<b>96,419,347</b>	<b>60,650,863</b>	<b>96,419,347</b>	<b>60,650,863</b>

*The accompanying notes are an integral part of these 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, 2021		66,668,759	\$ 9,691,644	-	\$ 2,908,495	\$ (8,677,326)	\$ 3,922,813
Net loss for the period		-	-	-	-	(4,575,342)	(4,575,342)
Share issue for private placement		5,000,000	1,000,000	-	-	-	\$ 1,000,000
Exercise of options	6	180,000	46,963	-	(19,963)	-	27,000
Forfeit of options		-	-	-	(785,930)	785,930	-
Share-based payments	7, 11	-	-	-	539,715	-	539,715
<b>Balance February 28, 2022</b>		<b>71,848,759</b>	<b>\$ 10,738,607</b>	<b>-</b>	<b>\$ 2,642,317</b>	<b>\$ (12,466,738)</b>	<b>\$ 914,186</b>
<b>Balance August 31, 2022</b>	6, 7	<b>96,419,347</b>	<b>\$ 13,497,123</b>	<b>\$ 655,000</b>	<b>\$ 3,163,447</b>	<b>\$ (16,172,292)</b>	<b>\$ 1,143,278</b>
<b>Net loss for the period</b>						<b>(2,921,057)</b>	<b>(2,921,057)</b>
<b>Share-based payments</b>	7, 11				<b>291,469</b>		<b>291,469</b>
<b>Balance February 28, 2023</b>		<b>96,419,347</b>	<b>\$ 13,497,123</b>	<b>\$ 655,000</b>	<b>\$ 3,454,916</b>	<b>\$ (19,093,349)</b>	<b>\$ (1,486,310)</b>

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

## TRYP THERAPEUTICS INC.

### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended February 28, 2023 and February 28, 2022

(Unaudited - expressed in Canadian dollars)

		Six months ended February 28, 2023	Six months ended February 28, 2022
<b>OPERATING ACTIVITIES</b>			
Net loss and comprehensive loss		\$ (2,921,057)	\$ (4,575,342)
Items not affecting cash:			
Share-based payments	7,11	291,469	539,716
Changes in non-cash working capital			
Other receivables		(8,561)	(995,083)
Prepays and advances		86,039	(346,324)
Trade and other payables	5	792,104	1,392,800
<b>Cash used in operating activities</b>		<b>\$ (1,760,006)</b>	<b>\$ (3,984,233)</b>
<b>INVESTING ACTIVITY</b>			
Purchase of intangibles	4	\$ -	\$ (68,933)
<b>Cash used in investing activity</b>		<b>\$ -</b>	<b>\$ (68,933)</b>
<b>FINANCING ACTIVITIES</b>			
Exercise of stock options	6	-	27,000
Proceeds from private placement		-	1,000,000
<b>Cash provided by financing activities</b>		<b>\$ -</b>	<b>\$ 1,027,000</b>
<b>Increase (decrease) in cash, cash equivalents and restricted cash during the year</b>		<b>\$ (1,760,006)</b>	<b>\$ (3,026,166)</b>
<b>Cash, cash equivalents and restricted cash, beginning of the year</b>		<b>1,882,185</b>	<b>3,692,271</b>
<b>Cash, cash equivalents and restricted cash, end of the year</b>		<b>\$ 122,179</b>	<b>\$ 666,105</b>
<b>Reconciliation of cash, cash equivalents and restricted cash:</b>			
Cash and cash equivalents		\$ 43,843	\$ -
Restricted cash		78,336	-
<b>Total cash, cash equivalents and restricted cash</b>		<b>\$ 122,179</b>	<b>\$ -</b>

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

**TRYP THERAPEUTICS INC.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three and six months ended February 28, 2023**  
**(Expressed in Canadian dollars)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

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

Tryp 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.

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 accompanying Condensed Interim Consolidated Financial Statements for the three and six months ended February 28, 2023 and 2022 (the “Financial Statements”) have been prepared on the basis of a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

As at February 28, 2023, the Company had cash and cash equivalents of \$43,843 (August 31, 2022: \$1,810,137) and an accumulated deficit of \$19,093,349 (August 31, 2022: \$16,172,292) and for the six months ended February 28, 2023 had net cash used in operating activities of \$1,760,006 (six months ended February 28, 2022: \$3,984,233).

In assessing whether the going concern assumption is appropriate, management considers all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company’s ability to continue operations and fund its research and development expenditures is dependent on management’s ability to secure additional financing. Management is actively pursuing such additional sources of financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. The Company is currently conducting research and development and has not developed any products that are approved for sale. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that may be necessary were the going concern assumption inappropriate, and these adjustments could be material.

The Company may experience business interruptions, expenses and delays relating to COVID-19, which could have a material adverse impact on the Company’s business, operating results, financial condition and the market for its securities. As at the date of these financial statements, the duration of potential business disruptions and related financial impact of COVID-19 cannot be reasonably estimated. Going forward, the Company presently expects fewer COVID-19 related operating issues compared to the years ended August 31, 2022 and 2021.



**TRYP THERAPEUTICS INC.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three and six months ended February 28, 2023  
(Expressed in Canadian dollars)

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## **2. BASIS OF PRESENTATION**

### **Statement of compliance**

These Financial Statements have been prepared in accordance and comply with IAS 34, Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee (“IFRIC”). They do not include all information required for annual financial statements and should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended August 31, 2022. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes to the Company’s financial position and performance since the last audited annual consolidated financial statements.

The Financial Statements were approved by the Board of Directors on April 28, 2023.

### **Basis of measurement**

These Financial Statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for certain financial instruments that have been measured at fair value at the end of each reporting period as explained in the accounting policies.

### **Functional and presentation currency**

These consolidated 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 in 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”).

### **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.

### **Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS requires that management make judgements, estimates and assumptions about future events that affect the amounts reported in the financial statements and related notes to the financial statements. Although these estimates are based on management’s best knowledge of the amount, event or actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities, profits, and expenses. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognized prospectively by including it in income in the period of the change, if the

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**(Expressed in Canadian dollars)**

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**2. BASIS OF PRESENTATION (continued)**

change affects that period only, or in the period of the change and future periods, if the change affects both.

Interim results are not necessarily indicative of the results expected for the financial year. Actual annual results may differ from interim estimates. The accounting policies, including significant judgements made by management applied in the preparation of the Financial Statements, are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended August 31, 2022.

**Going concern**

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company as discussed in Note 1.

**Share-based payments**

The fair value, at the grant date, of equity-settled share option awards is charged to profit or loss over the period for which the benefits of employees and others providing similar services are expected to be received. The corresponding accrued entitlement is recorded in contributed surplus. The amount recognized as an expense is adjusted to reflect the number of share options expected to vest. The fair value of awards is calculated using the Black-Scholes option pricing model which considers the following factors:

- Exercise price
- Expected life of the award
- Forfeiture rate
- Current market price of the underlying shares
- Risk-free interest rate
- Expected volatility

Equity settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where this fair value cannot be measured reliably, in which case they are measured at the fair value of the equity instruments granted, as at the date the Company obtains the goods or the counterparty renders the service. The fair value of the share-based compensation is only re-measured if there is a modification to the terms of the instrument, such as a change in exercise price or legal life. The fair value of the share-based compensation is recognized as an expense over the expected vesting period with a corresponding entry to shareholders' equity.

**3. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash held at financial institutions and cash held in trust. As at February 28, 2023, the balance consists of \$29,756 (August 31, 2022 - \$1,796,050) in cash held at financial institutions and \$14,087 (August 31, 2022 - \$14,087) of cash held in trust.

**Restricted cash**

Restricted cash consists of short-term guaranteed investment certificates ("GICs") used to secure corporate credit cards. As at February 28, 2023, the balance consists of \$78,336 (August 31, 2022 - \$72,048) in two short-term GICs that bear interest at 0.03% and 0.15%.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**4. INTANGIBLE ASSETS**

During the six months ended February 28, 2023, the Company invested \$nil (February 28, 2022 - \$68,933) in intellectual property to secure patents as follows:

<b>Costs</b>	<b>Intellectual Property</b>
Balance August 31, 2021	\$ 24,964
Additions	68,933
Balance February 28, 2022	93,877
Additions	69,214
Balance August 31, 2022	163,091
Additions	-
<b>Balance February 28, 2023</b>	<b>\$ 163,091</b>

The balance as at February 28, 2023, relates to patent applications. The intangible assets are not yet available for their intended use and no amortization has been recorded for the six months ended February 28, 2023.

**5. TRADE AND OTHER PAYABLES**

	<b>February 28, 2023</b>	<b>August 31, 2022</b>
Trade payables	\$ 1,917,378	\$ 1,148,863
Due to related party - Note 12	70,000	46,411
<b>Total</b>	<b>\$ 1,987,378</b>	<b>\$ 1,195,274</b>

**6. 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 February 28, 2023, there were no preferred shares issued.

**Common Shares**

The following is a summary of changes in share capital:

	<b>Number</b>	<b>Issue Price</b>	<b>Share Capital</b>
Balance August 31, 2021	66,668,759		9,691,644
Shares issued on exercise of options	180,000	0.15	46,963
Shares issued for private placement	5,000,000	0.20	1,000,000
<b>Balance February 28, 2022</b>	<b>71,848,759</b>		<b>10,738,607</b>
<b>Balance August 31, 2022</b>	<b>96,419,347</b>		<b>13,497,123</b>
Changes in period	-		-
<b>Balance February 28, 2023</b>	<b>96,419,347</b>		<b>13,497,123</b>

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 recorded in other receivables and were received subsequent to February 28, 2022.

**TRYP THERAPEUTICS INC.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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(Expressed in Canadian dollars)

**6. SHARE CAPITAL AND WARRANTS (continued)**

**Warrants Continuity**

The following is a summary of changes in share purchase warrants for the six months ended February 28, 2023 and 2022:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance August 31, 2021	8,786,667	\$0.55
Expired	(7,120,000)	\$0.50
Balance February 28, 2022	1,666,667	\$0.75
Balance August 31, 2022	12,166,667	\$0.28
<b>Expired</b>	<b>(1,666,667)</b>	<b>\$0.75</b>
<b>Balance February 28, 2023</b>	<b>10,500,000</b>	<b>\$0.20</b>

As at February 28, 2023, the following share purchase warrants were outstanding:

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>
April 22, 2024	10,000,000	\$0.20
July 8, 2024	500,000	\$0.20
	<b>10,500,000</b>	<b>\$0.20</b>

As at February 28, 2023, 10,500,000 share purchase warrants were outstanding and exercisable (February 28, 2022 – 1,666,667) with a weighted average remaining contractual life of 1.17 (February 28, 2022 - 0.97) years.

The following is a summary of changes in agent warrants:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance August 31, 2021	574,352	\$0.50
Expired	(574,352)	0.50
Balance February 28, 2022	-	-
Balance August 31, 2022	-	-
<b>Changes</b>	<b>-</b>	<b>-</b>
<b>Balance February 28, 2023</b>	<b>-</b>	<b>-</b>

Agent warrants outstanding at August 31, 2021 expired on December 17, 2021.

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(Expressed in Canadian dollars)

**6. SHARE CAPITAL AND WARRANTS (continued)**

The following is a summary of changes in Agent Compensation Units from August 31, 2022 to February 28, 2023:

	Number of Agent Units	Weighted Average Exercise Price
Balance August 31, 2021	1,294,996	\$0.25
Expired	(1,294,996)	\$0.25
Balance February 28, 2022	-	-
Balance August 31, 2022	-	-
Changes	-	-
<b>Balance February 28, 2023</b>	<b>-</b>	<b>-</b>

Agent Compensation Units outstanding at August 31, 2021 expired on December 17, 2021.

**Escrow Shares**

In connection with the Company's initial public offering completed on December 17, 2020, as at February 28, 2023, 6,087,720 common shares were held in escrow (August 31, 2022 – 9,131,580) 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.

**7. 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, other than common shares issuable upon the exercise of Special Consultant Options. Special Consultant Options relate to the 5,269,684 options granted to consultants of the Company on November 2, 2020. The exercise price and vesting terms of the options granted under the Stock Option Plan will be determined by the Board of Directors.

**Options**

The following is the summary of changes in options:

	Number of Options	Weighted Average Exercise Price
Balance August 31, 2021	14,869,684	\$ 0.32
Granted	200,000	\$ 0.40
Exercised	(180,000)	\$ 0.15
Forfeited	(6,000,000)	\$ 0.72
Balance February 28, 2022	8,889,684	\$ 0.28
Balance August 31, 2022	15,989,684	\$ 0.17
<b>Granted</b>	<b>500,000</b>	<b>\$ 0.17</b>
<b>Balance February 28, 2023</b>	<b>16,489,684</b>	<b>\$ 0.17</b>

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three and six months ended February 28, 2023  
(Expressed in Canadian dollars)

**7. SHARE-BASED PAYMENTS (continued)**

**Options (continued)**

As at February 28, 2023, the following options were outstanding:

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested	Remaining Life in Years
September 29, 2025	\$0.15	800,000	666,667	133,333	2.6
November 2, 2025	\$0.15	1,320,000	1,208,889	111,111	2.7
November 2, 2030	\$0.15	3,769,684	2,820,865	948,819	7.7
March 31, 2031	\$0.68	100,000	66,672	33,328	8.1
April 22, 2032	\$0.17	5,000,000	4,166,667	833,333	9.2
May 22, 2032	\$0.17	2,000,000	1,803,011	196,989	9.2
June 14, 2032	\$0.17	3,000,000	1,022,222	19,977,778	9.3
September 15, 2032	\$0.17	500,000	69,444	430,556	9.6
		<b>16,489,684</b>	<b>11,824,437</b>	<b>4,665,247</b>	<b>8.0</b>

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 22, 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. The Company's stock price on the date of exercise was \$0.37 per common share.

On September 15, 2022, the Company granted 500,000 options to an officer at an exercise price of \$0.17, a term of 10 years, and vesting in equal monthly instalments over a period of 36 months.

The fair value of the options was determined using the Black-Scholes option pricing model assumptions in the table below for the six months ended February 28, 2023 and 2022.

	February 28, 2023	February 28, 2022
Options granted	500,000	200,000
Share price	\$0.17	\$0.40
Exercise price	\$0.17	\$0.40
Expected life	10 years	10 years
Volatility	96.3%	81.4%
Risk-free Rate	3.03%	1.66%
Fair value of options grant	\$ 75,694	\$ 65,383

The total fair value of options vested during the six months ended February 28, 2023 was \$291,469 (February 28, 2022 – \$539,716) has been recorded to share-based payments in the condensed interim consolidated statements of loss and comprehensive loss with a corresponding increase in contributed surplus.

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**8. GENERAL AND ADMINISTRATION EXPENSES**

	Three months ended		Six months ended	
	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022
Director's fee	40,000	60,000	86,665	120,000
Professional fees	63,711	69,549	115,793	108,667
Consulting fees and salaries	134,983	591,371	219,484	1,134,027
Insurance	97,330	154,086	279,182	204,818
Office and administrative fees	65,093	94,806	127,430	273,659
Regulatory and legal fees	18,873	73,738	27,748	137,364
Investors relation and corporate development	38,602	246,108	85,553	970,642
	458,592	1,349,658	941,855	3,069,177

**9. RESEARCH AND DEVELOPMENT EXPENSES**

	Three months ended		Six months ended	
	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022
Preclinical activities TRP-8803	62,633	46,862	115,267	305,611
Development activities for TRP-8802	469,936	298,099	1,017,644	644,157
Staff, consultants and other expenses	168,810	-	515,790	-
	701,379	344,961	1,648,701	949,768

**10. KEY MANAGEMENT AND PERSONNEL COMPENSATION**

Key management personnel include those people who have authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation includes amounts paid directly to Company officers, directors, and to private companies controlled by officers and directors. Share-based payments represent the fair value of options granted allocated based on the vesting periods of the options granted.

	Three months ended		Six months ended	
	February 28, 2023	February 28, 2022	February 28, 2023	February 28, 2022
Key management personnel compensation:				
Compensation <sup>(1)</sup>	140,475	460,372	314,700	631,065
Director fees	40,000	60,000	86,665	120,000
Share-based payments	93,629	(190,811)	257,344	439,372
	274,104	329,561	658,709	1,190,437

*(1) Compensation includes fees charged by officers or by companies controlled by them and allocated to professional fees, consulting fees and research and development expenses.*

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## **11. RELATED PARTY TRANSACTIONS**

As of February 28, 2023, included in trade and other payables are amounts due to officers, directors and private companies controlled by officers and directors for fees and expenses of \$70,000 (August 31, 2022 - \$46,411). Amounts due to related parties included in trade and other payables are unsecured, non-interest bearing and payable according to normal trade terms.

Related party transactions have occurred in the normal course of operations and are measured at the exchange amount which is established and agreed to by the related parties.

## **12. CAPITAL MANAGEMENT**

The Company defines capital management as the manner in which it manages its shareholders' equity. As at February 28, 2023, the Company's shareholders' equity was a deficit of \$1,486,310 (shareholders' equity as at August 31, 2022 - \$1,143,278). There were no changes in the Company's approach to capital management during the six months ended February 28, 2023 and the Company is not subject to any externally imposed capital requirements.

The Company's objective in managing capital is to maintain the entity's ability to continue as a going concern, support the Company's normal operating requirements and to continue the research and development for the treatment of diseases with unmet medical needs. The Board of Directors does not establish a quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments to obtain additional financing.

As at February 28, 2023, the Company had a working capital deficit of \$1,649,401 (working capital as at August 31, 2022: \$980,187) and for the six months ended February 28, 2023, cash used in operating activities of \$1,760,006 (February 28, 2022: \$3,984,233). Working capital is a non-GAAP measure calculated as total current assets less total current liabilities.

## **13. SEGMENTED DISCLOSURES**

The Company is a Canadian clinical stage pharmaceutical development company that operates in two reportable operating segments: the development of repurposed therapeutic drugs in Canada, and the facilitation of the Company's lead drug candidates into off-label phase II clinical trials (humans) in the United States. All of the Company's expenditures are incurred in both Canada and the United States. As at February 28, 2023 and August 31, 2022, all of the Company's long-term assets are located in Canada.



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#### **14. SUBSEQUENT EVENT**

On April 27, 2023, the Company closed a private placement (the “Private Placement”) of secured convertible debentures (the “Debentures”) for aggregate gross proceeds of AUD\$2.4 million. Westar Capital Limited (“Westar”) acted as lead manager for the Private Placement in accordance with the terms of an engagement letter between Westar and the Company (the “Engagement Agreement”).

The Debentures are denominated in Australian Dollars, have a term of 18 months from April 26, 2023 (the “Maturity Date”), and are interest free during the initial 8 months following the date of issuance. During the period between the date that is 8 months from the date of issuance and 18 months from the date of issuance, the Debentures shall pay interest of 20% per annum. The Debentures automatically convert, as to principal and accrued interest, into common shares in the capital of the Company (the “Common Shares”) on the earlier of: (i) the Maturity Date, or (ii) the time the Company is completing a liquidity event.

The price at which the Debentures (including any accrued but unpaid interest thereon) shall be converted into Common Shares (the “Conversion Price”) will vary depending on various scenarios as set out in the debenture and at a conversion price fixed in accordance with CSE policies. The Debentures are secured by a general security interest over substantially all of the present and after-acquired personal property of the Company. In accordance with the terms of the Engagement Agreement, Westar is entitled to a cash fee of up to 6% of proceeds raised under the Private Placement and will be issued warrants (the “Broker Warrants”) equal to 10.05% of the Company’s total undiluted issued and outstanding shares on closing of the Private Placement. Each Broker Warrant entitles the holder to acquire one Common Share at an exercise price equal to the greater of: (i) the closing market price of the Common Shares on the date of issuance and (ii) the price implied by an AUD\$15 million equity valuation on an undiluted basis, for a period of three years from the date of issuance. The Company retained the ability to cancel up to 60% of the Broker Warrants in certain circumstances.

The securities issued in the Private Placement, including the Common Shares issuable on conversion of the Debentures, are subject to a hold period of four months and one day from the closing date of the Private Placement in accordance with applicable securities laws.

The Private Placement constituted a “related party transaction” as such term is defined under Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* as a director of the Company participated in the Private Placement, acquiring aggregate principal amount of AUD\$100,000 of Debentures on the same basis as other subscribers. In addition, this same director is entitled to receive certain fees from Westar in connection with the Private Placement and the transactions contemplated in the Engagement Agreement.