



TRYP THERAPEUTICS INC.

Condensed Interim Consolidated Financial Statements

(Unaudited and Expressed in Canadian dollars)

For the Three and Nine Months Ended May 31, 2021 and 2020

Under National Instrument 51-102, Part 4, subsection 4.3(3)9(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the interim condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Tryp Therapeutics Inc. as of May 31, 2021, have been compiled by management and approved by the Audit Committee and the Board of Directors of the Company. The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada.



TRYP THERAPEUTICS INC.

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TRYP THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

As at

(unaudited, expressed in Canadian dollars)

	Notes	May 31, 2021 (unaudited)	August 31, 2020 (audited)
ASSETS			
Current			
Cash and cash equivalents		\$ 5,601,713	\$ 1,019,100
Prepays and advances		457,471	28,700
Other receivables		10,425	-
Total current assets		6,069,609	1,047,800
Non-current			
Deferred financing		-	26,520
Intangible assets	4	17,316	960,725
Total Assets		\$ 6,086,925	\$ 2,035,045
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade and other payables	5	118,648	188,194
Loans from shareholder	10	-	4,514
		118,648	192,708
Shareholders' Equity			
Share capital	6	9,996,206	2,264,954
Contributed surplus	6,7	1,879,206	-
Accumulated deficit		(5,907,135)	(422,617)
Total Shareholders' Equity		5,968,277	1,842,337
Total Liabilities and Shareholders' Equity		\$ 6,086,925	\$ 2,035,045

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

Events after the reporting period (note 14)

Approved on behalf of the Board:

"Greg McKee" (signed)

"Gage Jull" (signed)

Director

Director

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

TRYP THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and nine months ended

(unaudited, expressed in Canadian dollars)

		Three months ended		Nine months ended	
	Notes	May 31, 2021	May 31, 2020	May 31, 2021	May 31, 2020
Website, advertising and communication		\$ 697,090	-	\$ 1,074,595	-
General and administration	8,9	429,032	6,002	910,112	6,002
Marketing and Corporate Development		317,365	-	476,664	-
Research and Development		161,158	-	254,417	-
Directors' fees		53,333	-	123,333	-
Share-based payments	7,9	917,530	-	1,696,677	-
Total expenses		(2,575,508)	(6,002)	(4,535,798)	(6,002)
Other income and expenses					
Interest income		4,424	-	7,640	-
Impairment of intangible assets	4	-	-	(956,360)	-
Net loss and comprehensive loss for the period		(2,571,084)	(6,002)	(5,484,518)	(6,002)
Loss per share for the period- basic and diluted		\$ (0.04)	(0.04)	\$ (0.10)	(0.04)
Weighted average number of shares outstanding		66,372,181	151,987	54,415,181	139,059

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

TRYP THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended

(unaudited, expressed in Canadian dollars)

	Notes	Three months ended May 31, 2021	May 31, 2020	Nine months ended May 31, 2021	May 31, 2020
OPERATING ACTIVITIES					
Net loss and comprehensive loss		\$ (2,571,084)	(6,002)	(5,484,518)	(6,002)
Items not affecting cash					
Share-based payments	7	917,530		1,696,677	
Shares issued for services	6	67,500		135,000	
Impairment of intangibles	4	-		956,360	
Changes in non-cash working capital					
Other receivable		2,069	(274)	(10,425)	(274)
Prepaid expenses and advances		(37,489)	-	(428,771)	-
Trade and other payables		12,431	6,276	(69,546)	6,276
Cash used in operating activities		(1,609,043)	-	(3,205,223)	-
INVESTING ACTIVITIES					
Purchase of intangibles	4	-	-	(12,951)	-
Cash used in investing activities		-	-	(12,951)	-
FINANCING ACTIVITIES					
Proceeds from IPO	6	-		5,002,500	
Proceeds from private placement	6	40	-	2,000,000	-
Proceeds from exercise of warrants	6	444,625		1,442,500	
Proceeds from exercise of compensation units	6	20,272		37,051	
Proceeds from shareholder loan	10	-	3,500	-	3,500
Deferred proceeds for shares		-	99,983	-	99,983
Shareholder loan re-payment	10	-		(4,514)	
Deferred financing costs	6	-		26,520	
Share issue costs	6	-		(703,270)	
Net cash provided by financing activities		464,937	103,483	7,800,787	103,483
Increase in cash during the period		(1,144,106)	103,483	4,582,613	103,483
Cash and cash equivalents, beginning of period		6,745,819	-	1,019,100	-
Cash and cash equivalents, end of period		\$ 5,601,713	103,483	5,601,713	103,483

Supplemental cash flow information – Note 11

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	Amount	Contributed Surplus	Deficit	Total
Balance September 24, 2019 (date of incorporation)		1	\$ -	\$ -	\$ -	\$ -
Repurchase and cancellation of incorporation share		(1)	-	-	-	-
Shares issued to founders	6	48,000	-	-	-	-
Shares to be issued	6	-	99,983	-	-	99,983
Shares issued for intangible assets	6	32,000	160	-	-	160
Net loss for the period	6	-	-	-	(6,002)	(6,002)
Balance May 31, 2020		2,079,650	\$ 100,143	\$ -	\$ (6,002)	\$ 94,141
Balance August 31, 2020		38,391,722	\$ 2,264,954	\$ -	\$ (422,617)	\$ 1,842,337
Net loss and comprehensive loss		-	-	-	(5,484,518)	(5,484,518)
Shares issued for cash	6	26,376,537	8,482,051	-	-	8,482,051
Shares issued for services	6	900,000	135,000	-	-	135,000
Shares issued for agent's compensation	6	1,000,500	250,125	-	-	250,125
Fair value of agent's warrants	6	-	-	23,896	-	23,896
Fair value of agent's compensation units	6	-	-	172,844	-	172,844
Fair value of agent's compensation units transferred on exercise	6	-	14,211	(14,211)	-	-
Share-based payments	7	-	-	1,696,677	-	1,696,677
Share issue costs	6	-	(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

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, 2021

(unaudited, expressed in Canadian dollars)

1. COMPANY INFORMATION

Nature of Operations

The Company 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” (“Tryp”). 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 financial statements has been presented on a post-split and post-consolidation basis.

Tryp Therapeutics Inc. is a pharmaceutical company focused on identifying and developing compounds for diseases with high unmet medical needs.

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. was incorporated in the State of Delaware, United States of America and is 100% owned by Tryp Therapeutics Inc. Tryp Therapeutics (USA) Inc. and Tryp Therapeutics Inc. were consolidated to form the Tryp Therapeutics Inc. (“the Company”).

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.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on July 28, 2021.

2. BASIS OF PRESENTATION AND GOING CONCERN

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, 2020 (‘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.

Functional and presentation currency

These condensed interim 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 which the entity operates. The functional currency of Tryp Therapeutics Inc. is Canadian dollars (“CAD”). The functional currency of Tryp Therapeutics (USA) Inc. is U.S. dollars (“USD”).

TRYP THERAPEUTICS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****For the Three and Nine Months ended May 31, 2021****(unaudited, expressed in Canadian dollars)**

2. BASIS OF PRESENTATION AND GOING CONCERN (continued)**Basis of consolidation**

The Financial Statements include the accounts of the Company and its wholly owned subsidiaries, Tryp Therapeutics (USA) Inc., ("Tryp USA") and Tryp Therapeutics Inc., ("Tryp"). The Company consolidates these subsidiaries on the basis that it controls the subsidiaries. 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.

Use of estimates and judgments

In preparing these condensed interim consolidated financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the sources of estimation uncertainty were the same as those in the last annual financial statements.

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 \$5,484,518 and \$2,571,084 for the three and nine-months ended May 31, 2021, and had negative cash flows from operating activities of \$1,609,043 and \$3,205,223 (2020 - \$nil and \$nil) for the three and nine-months periods ended May 31, 2021. The Company has accumulated a deficit of \$5,907,135 (August 31, 2020 – \$422,617 deficit) 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, basis of measurement and use of judgements and estimates of the Company are the same as those applied in the Company's annual financial statements for the year ended August 31, 2020. These policies have been consistently applied to each of the periods presented, unless otherwise indicated.

TRYP THERAPEUTICS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Three and Nine Months ended May 31, 2021

(unaudited, expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The condensed interim consolidated financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These Statements are unaudited and have been prepared in accordance with IAS 34 "Interim Financial Reporting".

These condensed interim consolidated financial statements do not include all of the information required for annual audited financial statements and should be read in conjunction with the annual audited financial statements for the year ended August 31, 2020.

4. INTANGIBLE ASSETS

During the period ended May 31, 2021, the Company invested \$12,951 (August 31, 2020 - \$960,725) in intellectual property as follows:

	Intellectual Property
Costs	
Balance at September 24, 2019	-
Additions – Note 6	\$ 960,725
Balance August 31, 2020	960,725
Additions	12,951
Impairment	(956,360)
Balance May 31, 2021	\$ 17,316

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 "Purchase 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 Purchase Agreements") with the directors of the Company pursuant to which to which the Company acquired certain inventions, technical information and patent application (the "Additional Purchase Assets"). Pursuant to the terms of the Additional IP Purchase Agreements, the Company issued and 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 prosecution of the Additional Purchase Assets resulting in a reduction in value of intangible assets by \$956,360. On February 28, 2021, the Company recorded an impairment of \$956,360 on intangible assets.

5. TRADE AND OTHER PAYABLES

	May 31, 2021	August 31, 2020
Trade payables	\$117,099	\$141,081
Due to related party - Note 9	1,549	47,113
Total	\$118,648	\$188,194

TRYP THERAPEUTICS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Three and Nine Months ended May 31, 2021

(unaudited, expressed in Canadian dollars)

6. SHARE CAPITAL**Authorized share capital**

The Company's authorized share capital consists of:

Unlimited common shares without par value.

Unlimited preferred shares without par value. As at May 31, 2021 there were no preferred shares issued.

6. SHARE CAPITAL (continued)**Common Shares**

The following is a summary of changes in share capital from August 31, 2020 to May 31, 2021:

	Number	Issue Price	Total
Balance August 31, 2020	38,391,722	-	\$2,264,954
Shares issued for IPO	20,010,000	\$0.25	5,002,500
Shares issued for services	900,000	\$0.15	135,000
Shares issued for Corporate Finance Fee	1,000,500	\$0.25	250,125
Shares issued for private placement	3,333,333	\$0.60	2,000,000
Shares issued on exercise of warrants	2,885,000	\$0.50	1,442,500
Exercise of compensation units	148,204	\$0.25	37,051
Fair value of compensation units transferred on exercise	-	-	14,211
Share issue costs	-	-	(1,150,135)
Balance May 31, 2021	66,668,759	-	\$9,996,206

On February 16, 2021, the Company completed a non-brokered private placement and issued 3,333,333 units (the "**Units**") at a price of \$0.60 per Unit, for gross proceeds of \$2,000,000 (the "**Placement**").

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 \$0.75 per Common Share until February 16, 2023.

Share issue costs during the period ended May 31, 2021 in connection with the Placement included transfer agent and filing fees in the amount of \$1,259.

On December 17, 2020 the Company pursuant to an agency agreement (the "**Agency Agreement**") completed its IPO and issued an aggregate 20,010,000 units ("**IPO Unit**") at a price of \$0.25 per IPO Unit for aggregate gross proceeds of \$5,002,500 (the "**Offering**").

Each IPO Unit consists of one common share in the capital of the Company and one-half of one common share purchase warrant (each whole warrant an "**IPO Warrant**"). Each IPO Warrant is exercisable into one common share at an exercise price of \$0.50 per Warrant Share until December 17, 2021, subject to acceleration in certain events.

Pursuant to the terms and conditions of the Agency Agreement, the Company has paid the 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 paid an aggregate cash amount of \$360,800 and issued 1,443,000 Agent's Units. Each Agent's Unit is exercisable into one common share and one-half of one common share purchase warrant

TRYP THERAPEUTICS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Three and Nine Months ended May 31, 2021

(unaudited, expressed in Canadian dollars)

(each whole warrant an "**Agent Compensation Warrant**") at an exercise price of \$0.25 per Agent

Compensation Warrant until December 17, 2021. The fair value of the non-cash share issuance costs of \$138,382 for the Agent Units was estimated using the Black-Scholes option pricing model as outlined in Note 6 hereinbelow. The fair value of the non-cash share issuance costs of \$34,462 for the Agent Compensation Warrants was estimated using the Black-Scholes option pricing model as outlined in Note 6 hereinbelow.

6. SHARE CAPITAL (continued)

Additionally, 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 Corporate Finance Shares were valued at \$250,125 as determined by the market price of the Offering when issued being \$0.25 per share.

Additional professional fees, transfer agent, printing and filing fees in the amount of \$341,211 were incurred in connection with the Offering.

On September 21, 2020 the Company issued 900,000 common shares at \$0.15 per common share with a fair value of \$135,000 as determined by seed financings, an observable market transaction valuation, with third parties of \$0.15 per share, a Level 2 valuation shares for marketing and corporate development services.

During the period ended May 31, 2021, the Company issued an aggregate 2,885,000 common share pursuant the exercise of 2,885,000 IPO Warrants at an exercise price of \$0.50.

During the period ended May 31, 2021, the Company issued an aggregate 148,204 Agent Compensation Units at an exercise price of \$0.25 per share for proceeds of \$1,442,500. Fair value of \$14,211 was transferred from contributed surplus to share capital for these warrants exercised.

Share Purchase Warrants

The following is a summary of changes in share purchase warrants from September 24, 2019 to May 31, 2021:

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

As at May 31, 2021 the following share purchase warrants were outstanding:

Expiry Date	Number of Warrants	Exercise Price
December 17, 2021	7,120,000	\$0.50
February 16, 2023	1,666,667	\$0.25
	8,786,667	

TRYP THERAPEUTICS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****For the Three and Nine Months ended May 31, 2021****(unaudited, expressed in Canadian dollars)**

As at May 31, 2021 8,786,667 (August 31, 2020 - Nil) share purchase warrants were outstanding and exercisable with a weighted average remaining contractual life of 0.77 (August 31, 2020 - Nil) years.

6. SHARE CAPITAL (continued)**Agent Warrants**

The following is a summary of changes in Agent warrants from September 24, 2019 to May 31, 2021:

	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	\$0.25
Balance May 31, 2021	574,352	\$0.50

As at May 31, 2021 the following Agent warrants were outstanding:

Expiry Date	Number of Warrants	Exercise Price
December 17, 2021	574,352	\$0.50

As at May 31, 2021, 574,352 Agent warrants were outstanding and exercisable with a weighted average remaining contractual life of 0.55 years.

Total expenses arising from the grant of Agent Warrants recognized during the period ended May 31, 2021 were \$23,896 (2020 - \$nil) using the Black-Scholes option pricing model. For purposes of the fair value calculations, the following summarizes the weighted average assumption used for the Black-Scholes valuation model:

	May 31, 2021
Share price	\$0.25
Exercise price	\$0.50
Expected life	1 year
Volatility	100%
Risk-free interest rate	0.20%

Agent Compensation Units

The following is a summary of changes in Agent warrants from September 24, 2019 to May 31, 2021:

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

As at May 31, 2021 the following Agent Compensation Units were outstanding:

Expiry Date	Exercise Price	Number of Compensation Units	Weighted Average Exercise Price
December 17, 2021	\$0.25	1,294,996	\$0.25

TRYP THERAPEUTICS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****For the Three and Nine Months ended May 31, 2021****(unaudited, expressed in Canadian dollars)**

As at May 31, 2021 1,294,996 Agent Compensation Units were outstanding and exercisable with a weighted average remaining contractual life of 0.55 years.

6. SHARE CAPITAL (continued)

Total expenses arising from the grant of Agent Compensation Units and the underlying Agent Compensation Warrants recognized during the period ended May 31, 2021 were \$172,844 using the Black-Scholes option pricing model. For purposes of the fair value calculations, the following summarizes the weighted average assumption used for the Black-Scholes valuation model:

	May 31, 2021
Share price	\$0.25
Exercise price	\$0.50
Expected life	1 year
Volatility	100%
Risk-free interest rate	0.20%

Escrow Shares

In connection with the IPO as at May 31, 2021 18,263,160 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.

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 will 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.

Options

The following is the summary of changes in options from the date of incorporation September 24, 2019 to May 31, 2021:

	Number of Options	Weighted Average Exercise Price
Balance, August 31, 2020	-	\$-
Granted	13,569,684	\$0.43
Balance, May 31, 2021	13,569,684	\$0.43

TRYP THERAPEUTICS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Three and Nine Months ended May 31, 2021

(unaudited, expressed in Canadian dollars)

7. SHARE-BASED PAYMENTS (continued)

As at May 31, 2021 the following options were outstanding:

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
September 29, 2025	\$0.15	1,600,000	400,000	1,200,000
November 2, 2025	\$0.15	1,500,000	1,097,222	402,778
November 2, 2030	\$0.15	3,769,684	538,550	3,231,134
December 22, 2030	\$0.75	400,000	283,333	116,667
January 13, 2031	\$0.75	200,000	133,333	66,667
January 13, 2031	\$0.70	2,000,000	222,222	1,777,778
March 8, 2031	\$0.79	1,500,000	-	1,500,000
March 31, 2031	\$0.68	2,300,000	191,667	2,108,333
March 31, 2031	\$0.68	100,000	8,334	91,666
April 1, 2031	\$0.68	200,000	11,112	188,888
		13,569,684	2,885,774	10,683,910

As at May 31, 2021 13,569,684 (August 31, 2020 – Nil) options were outstanding with a weighted average remaining contractual life of 8.43 (August 31, 2020 – Nil) years.

Fair Value of Options Granted During the Period

During the period ended May 31, 2021, the weighted average fair value at grant date of options granted was \$0.43 per option. During the period ended May 31, 2021, there were 13,569,684 options granted of which 2,885,774 were exercisable under the Plan with a weighted average contractual life of 6.90 years with the remaining 11,664,717 unvested options with an average contractual life of 8.68 years remaining.

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 periods ended:

	May 31, 2021	February 28, 2021	November 30, 2021
Share price	\$0.66 - \$0.78	\$0.57 - \$0.73	\$0.15 - \$0.78
Exercise price	\$0.68 - \$0.79	\$0.70 - \$0.75	\$0.15 - \$0.79
Expected life	10	10	5 – 10 years
Volatility	59.33% - 62.57%	100%	100%
Risk-free interest Rate	1.53% - 1.55%	0.70% - 1.31%	0.36% - 0.7%

The total fair value of options granted during the nine-month period ended May 31, 2021 was \$4,480,380 (2020 - \$Nil) of which \$1,696,677 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 \$2,783,703 will be expensed as the remaining unvested options vest.

TRYP THERAPEUTICS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the Three and Nine Months ended May 31, 2021

(unaudited, expressed in Canadian dollars)

8. GENERAL AND ADMINISTRATION EXPENSES

	Notes	Three months ended May 31, 2021	May 31, 2020	Nine months ended May 31, 2021	May 31, 2020
Accounting and legal		\$54,200	6,002	\$147,345	6,002
Consulting	9	280,822	-	589,008	-
Insurance		33,637	-	50,456	-
Office and administration fees	9	47,320	-	56,883	-
Regulatory fees		12,321	-	48,623	-
Transfer agent		732	-	17,797	-
		\$429,032	6,002	\$910,112	6,002

9. KEY MANAGEMENT AND PERSONNEL COMPENSATION

Key management personnel include those persons having 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 for the period, including Company officers, directors, and private companies controlled by officers and directors, was as follows:

	Three months ended May 31, 2021	Nine months ended May 31, 2021
Key management personnel compensation comprised:		
Consulting fees	\$148,305	\$325,014
Director fees	53,333	123,333
Administration fees	-	7,422
Share-based payments	834,937	1,424,268
	\$1,036,575	\$1,874,140

Key management and personnel compensation for the three and nine-month period ended May 31, 2020 were \$nil and \$nil.

Consulting fees of \$78,125 (2020 - \$nil) were paid or accrued to a company controlled by James Kuo, the Company's director and former CEO.

Consulting fees of \$40,711 (2020 - \$nil) were paid or accrued to Greg McKee, the Company's CEO.

Consulting fees of \$52,175 (2020 - \$nil) were paid to Luke Hayes, the Company's CFO.

Consulting fees of \$77,091 (2020 - \$nil) were paid or accrued to a company controlled by James Gilligan, the Company's President and CSO.

Consulting fees of \$40,667 (2020 - \$nil) were paid or accrued to a Thomas D'Orazio the Company's COO.

Share-based payments are the fair value of options granted to key management personnel.

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As of May 31, 2021, included in trade and other payables are amounts due to officers and directors for fees and expenses of \$1,549 (August 31, 2020 - \$41,113).

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

10. RELATED PARTY TRANSACTIONS**Shareholder loans**

As at May 31, 2021 cash advances to the Company in the amount of \$nil (August 31, 2020 - \$4,514) was due and payable to a director and shareholder of the Company. This amount is due on demand, unsecured, and without interest.

11. SUPPLEMENTAL CASH FLOW INFORMATION

	Note	Three months ended May 31, 2021	Nine months ended May 31, 2021	Three months ended May 31, 2020	Nine months ended May 31, 2020
Non-cash investing and financing activities	(i)	\$-	\$135,000	\$-	\$-
	(ii)	\$-	\$250,125	\$-	\$-
	(iii)	\$-	\$172,844	\$-	\$-
	(iv)	\$-	\$23,896	\$-	\$-
	(v)	\$-	\$-	\$-	\$160

- (i) The Company issued a 900,000 common shares of the Company with a fair value of \$135,000 in connection with compensation for marketing and corporate development of which \$135,000 was record in the condensed interim consolidated statement of loss and comprehensive loss (Note 6);
- (ii) A compensation charge of \$250,125 associated with the issuance of 1,000,500 Corporate Finance Shares in connection with the IPO was recorded as share issue costs (Note 6);
- (iii) A compensation charge of \$172,844 associated with the grant of 1,443,200 Agent Compensation Units was recorded as share issue costs (Note 6);
- (iv) A compensation charge of \$23,896 associated with the grant of 500,250 Agent Warrants was recorded as share issue costs (Note 6); and,
- (v) As outlined in note 5, the Company issued an aggregate 32,000 common shares of the Company with a fair value of \$160 as consideration for the purchase of Intellectual Property, which was capitalized as intangible assets.

12. FINANCIAL INSTRUMENTS

The fair values of cash and cash equivalents, 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;

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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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).

The Company's current financial assets are measured at amortized cost. The estimated fair value of financial assets and liabilities measured at amortized cost as at May 31, 2021 and August 31, 2020 are presented in the statements of financial performance.

12. FINANCIAL INSTRUMENTS (continued)

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.

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, shareholder loan, which are classified as current on the condensed interim 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, 2021 and 2020, the Company did not have any financial instruments subject to 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 period ended May 31, 2021.

13. SEGMENTED INFORMATION

The Company operates in one business segment being the clinical stage pharmaceutical research and development company. All assets of the Company are located in Canada.

TRYP THERAPEUTICS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****For the Three and Nine Months ended May 31, 2021****(unaudited, expressed in Canadian dollars)**

14. EVENTS AFTER THE REPORTING DATE**Stock Options**

On June 1, 2021, the Company cancelled 6,000,000 options granted under its prior option plan and granted 6,000,000 under the new option plan. The term, vesting period, and exercise prices of the new options are identical to the term, vesting period and exercise prices of the cancelled options.

On July 8, 2021, the Company granted 100,000 stock options at an exercise price of \$0.50 for a period of 10 years. The options vest equally over a thirty six month period from the date of grant.