



**TRYP THERAPEUTICS INC.**

Consolidated Financial Statements

(Expressed in Canadian dollars)

**For the Three Months Ended November 30, 2022**

**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

January 25, 2023

# TRYP THERAPEUTICS INC.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at November 30, 2022 and August 31, 2022

(Unaudited - expressed in Canadian dollars)

	Notes	November 30, 2022	August 31, 2022
<b>ASSETS</b>			
Current			
Cash and cash equivalents	3	\$ 833,918	\$ 1,810,137
Restricted cash	3	77,671	72,048
Prepays and advances		179,372	286,894
Other receivables		7,339	6,382
<b>Total Current Assets</b>		<b>1,098,300</b>	<b>2,175,461</b>
Non-Current			
Intangible assets	4	163,091	163,091
<b>Total Assets</b>		<b>\$ 1,261,391</b>	<b>\$ 2,338,552</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current			
Trade and other payables	5, 11	\$ 1,566,666	\$ 1,195,274
<b>Total Liabilities</b>		<b>1,566,666</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	3,349,237	3,163,447
Accumulated deficit		(17,806,635)	(16,172,292)
<b>Total Shareholders' Equity</b>		<b>(305,275)</b>	<b>1,143,278</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 1,261,391</b>	<b>\$ 2,338,552</b>

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

Approved on behalf of the Board of Directors:

*"David Tousley" (signed)*

Director

*"Gage Jull" (signed)*

Director

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

# TRYP THERAPEUTICS INC.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three months ended November 30, 2022

*(Unaudited - expressed in Canadian dollars)*

	Notes	Three months ended November 30, 2022	Three months ended November 30, 2021
General and administration	8, 10	\$ 483,263	\$ 1,719,519
Research and development	9, 10	947,322	604,807
Share-based payments	7, 11	185,790	685,399
<b>Total expenses</b>		<b>1,616,375</b>	<b>3,009,725</b>
<b>Other income and expenses</b>			
Interest income		826	1,257
Foreign exchange loss		(18,794)	7,895
<b>Net loss and comprehensive loss</b>		<b>(1,634,343)</b>	<b>(3,000,573)</b>
<b>Loss per share for the year - basic and diluted</b>		<b>\$ (0.02)</b>	<b>\$ (0.05)</b>
<b>Weighted average number of shares outstanding</b>		<b>96,419,347</b>	<b>59,358,972</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	Accumulate d 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		-	-	-	-	(3,000,573)	(3,000,573)
Exercise of options	6	180,000	46,963	-	(19,964)	-	27,000
Share-based payments	7, 11	-	-	-	685,399	-	2,461,631
<b>Balance November 30, 2021</b>		<b>66,848,759</b>	<b>\$ 9,738,607</b>	<b>-</b>	<b>\$ 3,573,930</b>	<b>\$ (11,677,899)</b>	<b>\$ 1,634,639</b>
Balance August 31, 2022	6, 7	96,419,347	\$ 13,497,123	\$ 655,000	\$ 3,163,447	\$ (16,172,292)	\$ 1,143,278
Net loss for the period						(1,634,343)	(1,634,343)
Share-based payments	7, 11				185,790		185,790
<b>Balance November 30, 2022</b>		<b>96,419,347</b>	<b>\$ 13,497,123</b>	<b>\$ 655,000</b>	<b>\$ 3,349,237</b>	<b>\$ (17,806,635)</b>	<b>\$ (305,275)</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 three months ended November 30, 2022,

(Unaudited - expressed in Canadian dollars)

		Three months ended November 30, 2022	Three months ended November 30, 2021
<b>OPERATING ACTIVITIES</b>			
Net loss and comprehensive loss		\$ (1,634,343)	\$ (3,000,573)
Items not affecting cash:			
Share-based payments	7,11	185,790	685,399
Changes in non-cash working capital			
Other receivables		(957)	(14,781)
Prepays and advances		107,522	156,403
Trade and other payables	5	371,392	557,202
<b>Cash used in operating activities</b>		<b>\$ (970,596)</b>	<b>\$ (1,616,350)</b>
<b>INVESTING ACTIVITY</b>			
Purchase of intangibles	4	\$ -	\$ (20,164)
<b>Cash used in investing activity</b>		<b>\$ -</b>	<b>\$ (20,164)</b>
<b>FINANCING ACTIVITIES</b>			
Exercise of stock options	6	-	27,000
<b>Cash provided by financing activities</b>		<b>\$ -</b>	<b>\$ 27,000</b>
<b>Increase (decrease) in cash, cash equivalents and restricted cash during the year</b>		<b>\$ (970,596)</b>	<b>\$ 1,609,514</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>\$ 911,589</b>	<b>\$ 2,082,757</b>
<b>Reconciliation of cash, cash equivalents and restricted cash:</b>			
Cash and cash equivalents		\$ 833,918	\$ 2,023,268
Restricted cash		77,671	59,489
<b>Total cash, cash equivalents and restricted cash</b>		<b>\$ 911,589</b>	<b>\$ 2,082,757</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 months ended November 30, 2022**  
**(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 months ended November 30, 2022 and 2021 (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 November 30, 2022, the Company had cash and cash equivalents of \$833,918 (August 31, 2022: \$1,810,137) and an accumulated deficit of \$17,806,635 (August 31, 2022: \$16,172,292) and for the three months ended November 30, 2022 had net cash used in operating activities of \$970,596 (three months ended November 30, 2021: \$1,616,350).

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 months ended November 30, 2022  
(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 July 31, 2021. 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 January 25, 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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**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 measure at the fair value of the equity instruments grants, 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 November 30, 2022, the balance consists of \$820,410 (August 31, 2022 - \$1,796,050) in cash held at financial institutions and \$13,508 (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 November 30, 2022, the balance consists of \$77,671 (August 31, 2022 - \$72,048) in two short-term GICs that bear interest at 0.03% and 0.15%.

**TRYP THERAPEUTICS INC.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three months ended November 30, 2022  
(Expressed in Canadian dollars)

**4. INTANGIBLE ASSETS**

During the three months ended November 30, 2022, the Company invested \$nil (November 30, 2021 - \$20,164) in intellectual property to secure patents as follows:

<b>Costs</b>	<b>Intellectual Property</b>
Balance August 31, 2021	\$ 24,964
Additions	20,164
Balance November 30, 2021	45,128
Additions	117,963
Balance August 31, 2022	163,091
Additions	-
<b>Balance November 30, 2022</b>	<b>\$ 163,091</b>

The balance as at November 30, 2022, relates to patent applications. The intangible assets are not yet available for their intended use and no amortization has been recorded for the three months ended November 30, 2022.

**5. TRADE AND OTHER PAYABLES**

	<b>November 30, 2022</b>	<b>August 31, 2022</b>
Trade payables	\$ 1,510,486	\$ 1,148,863
Due to related party - Note 12	56,180	46,411
<b>Total</b>	<b>\$ 1,566,666</b>	<b>\$ 1,195,274</b>

**6. SHARE CAPITAL AND WARRANTS**

**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 November 30, 2022, 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	0.150	46,963
<b>Balance November 30, 2021</b>	<b>66,848,759</b>		<b>9,738,607</b>
<b>Balance August 31, 2022</b>	<b>96,419,347</b>		<b>13,497,123</b>
Changes in period	-		-
<b>Balance November 30, 2022</b>	<b>96,419,347</b>		<b>13,497,123</b>

**TRYP THERAPEUTICS INC.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three months ended November 30, 2022  
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**6. SHARE CAPITAL AND WARRANTS (continued)**

**Warrants Continuity**

The following is a summary of changes in share purchase warrants for the three months ended November 30 2022 and 2021:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance August 31, 2021	8,786,667	\$0.55
Changes	-	-
Balance November 30, 2021	8,786,667	\$0.55
Balance August 31, 2022	12,166,667	\$0.28
Changes	-	-
<b>Balance November 30, 2022</b>	<b>12,166,667</b>	<b>\$0.28</b>

As at November 30, 2022, the following share purchase warrants were outstanding:

<b>Expiry Date</b>	<b>Number of Warrants</b>	<b>Exercise Price</b>
February 16, 2023	1,666,667	\$0.75
April 22, 2024	10,000,000	\$0.20
July 8, 2024	500,000	\$0.20
	<b>12,166,667</b>	<b>\$0.28</b>

As at November 30, 2022, 12,166,667 share purchase warrants were outstanding and exercisable (November 30, 2021 - 8,786,667) with a weighted average remaining contractual life of 1.24 (November 30, 2021 - 0.27) 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
Changes	-	-
Balance November 30, 2021	574,352	\$0.50
Balance August 31, 2022	-	-
Changes	-	-
<b>Balance November 30, 2022</b>	<b>-</b>	<b>-</b>

Agent warrants outstanding at November 30, 2021 expired on December 17, 2021.

**TRYP THERAPEUTICS INC.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three months ended November 30, 2022  
(Expressed in Canadian dollars)

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

The following is a summary of changes in Agent Compensation Units from August 31, 2021 to November 30, 2022:

	<b>Number of Agent Units</b>	<b>Weighted Average Exercise Price</b>
Balance August 31, 2021	1,294,996	\$0.25
Changes	-	-
Balance November 30, 2021	1,294,996	\$0.25
Balance August 31, 2022	-	-
Changes	-	-
<b>Balance November 30, 2022</b>	<b>-</b>	<b>-</b>

Agent Compensation Units outstanding at November 30, 2021 expired on December 17, 2021.

**Escrow Shares**

In connection with the Company's initial public offering completed on December 17, 2020, as at November 30, 2022, 9,131,580 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:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance August 31, 2021	14,869,684	\$ 0.32
Granted	200,000	0.17
Exercised	(180,000)	(0.15)
Balance November 30, 2021	14,889,684	\$ 0.32
Balance August 31, 2022	15,989,684	\$ 0.17
<b>Granted</b>	<b>500,000</b>	<b>\$ 0.17</b>
<b>Balance November 30, 2022</b>	<b>16,489,684</b>	<b>\$ 0.17</b>

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

**Options (continued)**

As at November 30, 2022, the following options were outstanding:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number of Options</b>	<b>Vested and Exercisable</b>	<b>Unvested</b>	<b>Remaining Life in Years</b>
September 29, 2025	\$0.15	800,000	600,000	200,000	7.8
November 2, 2025	\$0.15	1,320,000	1,167,222	152,778	7.9
November 2, 2030	\$0.15	3,769,684	2,590,058	1,179,626	7.9
March 31, 2031	\$0.68	100,000	58,338	41,662	8.3
April 22, 2032	\$0.17	5,000,000	2,916,667	2,083,333	9.4
May 22, 2032	\$0.17	2,000,000	1,507,565	492,435	9.5
June 14, 2032	\$0.17	3,000,000	638,889	2,361,111	9.5
September 15, 2032	\$0.17	500,000	27,778	472,222	9.8
		<b>16,489,684</b>	<b>9,506,517</b>	<b>6,983,167</b>	<b>8.9</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 three months ended November 30, 2022 and 2021.

	<b>November 30, 2022</b>	<b>November 30, 2021</b>
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 three months ended November 30, 2022 was \$185,790 (November 30, 2021 – \$685,399) 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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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**8. GENERAL AND ADMINISTRATION EXPENSES**

	<b>November 30, 2022</b>	<b>November 30, 2021</b>
Directors' fees	\$ 40,000	\$ 60,000
Professional fees	52,082	39,118
Consulting fees and salaries	91,166	602,656
Insurance	181,852	50,732
Office and administration fees	62,338	178,853
Regulatory and legal fees	8,875	63,626
Investor relations and corporate development	46,950	724,534
	<b>\$ 483,263</b>	<b>\$ 1,719,519</b>

**9. RESEARCH AND DEVELOPMENT EXPENSES**

	<b>November 30, 2022</b>	<b>November 30, 2021</b>
Preclinical activities for TRP-8803	\$ 52,634	\$ 258,749
Development activities for TRP-8802	547,708	346,058
Staff, consultants and other expenses	346,980	-
	<b>\$ 947,322</b>	<b>\$ 604,807</b>

**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.

	<b>November 30, 2022</b>	<b>November 30, 2021</b>
Key management personnel compensation comprised:		
Consulting fees and salaries	\$ 124,609	\$ 204,042
Director fees	50,000	60,000
Share-based payments	163,715	630,182
	<b>\$ 338,324</b>	<b>\$ 894,224</b>

**11. RELATED PARTY TRANSACTIONS**

As of November 30, 2022, 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 \$56,180 (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.

**TRYP THERAPEUTICS INC.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**For the three months ended November 30, 2022**  
**(Expressed in Canadian dollars)**

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## **12. CAPITAL MANAGEMENT**

The Company defines capital management as the manner in which it manages its shareholders' equity. As at November 30, 2022, the Company's shareholders' equity was a deficit of \$305,275 (shareholders' equity as at August 31, 2022 - \$1,143,278). There were no changes in the Company's approach to capital management during the three months ended November 30, 2022 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 November 30, 2022, the Company had a working capital deficit of \$468,366 (working capital as at August 31, 2022: \$980,187) and for the three months ended November 30, 2022, cash used in operating activities of \$970,596 (November 30, 2021: \$1,616,350). 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 November 30, 2022 and August 31, 2022, all of the Company's long-term assets are located in Canada.