



TRYP THERAPEUTICS INC.

Condensed interim consolidated financial statements

(Expressed in Canadian dollars)

For the Six Months Ended February 29, 2024

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



TRYP THERAPEUTICS INC.

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TRYP THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at February 29, 2024 and August 31, 2023

(Unaudited. expressed in Canadian dollars)

	Notes	February 29, 2024	August 31, 2023
ASSETS (Note 7)			
Current			
Cash and cash equivalents	3	\$ 420,806	\$ 359,187
Restricted cash	3	38,996	38,832
Prepays and advances		38,300	54,285
Other receivables		34,612	29,488
Total current assets		532,714	481,792
Non-Current			
Intangible assets	5	171,259	171,259
Total Assets		\$ 703,973	\$ 653,051
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current			
Trade payables and accrued liabilities	6,13	\$ 1,058,636	\$ 1,971,457
Convertible debentures	7	5,305,408	-
Total current liabilities		6,364,044	1,971,457
Non-current			
Convertible debentures	7	-	2,102,880
Derivative liability	7	199,548	339,160
Total non-current liabilities		199,548	2,442,040
Total liabilities		6,563,592	4,413,497
Shareholders' equity (deficiency)			
Share capital	8	13,497,123	13,497,123
Warrants	7,8	655,000	655,000
Contributed surplus	9	3,576,413	3,526,796
Accumulated deficit		(23,588,155)	(21,439,365)
Total shareholders' equity (deficiency)		(5,859,619)	(3,760,446)
Total Liabilities and Shareholders' Equity (Deficiency)		\$ 703,973	\$ 653,051

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

Approved on behalf of the Board of Directors:

Director

Director

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

TRYP THERAPEUTICS INC.

CONDENSED INTERIM COMSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS

For the three and six months ended February 29, 2024

(Unaudited, expressed in Canadian dollars)

	Notes	Six months ended February 29, 2024	Six months ended February 28, 2023	Six months ended. February 29, 2024	Six months ended February 28, 2023
Convertible debt expenses	7	\$193,510	\$ -	\$373,383	\$ -
General and administration	9	394,115	458,592	1,056,494	941,855
Research and development	10	330,468	701,379	590,716	1,648,701
Share-based payments	8	21,280	105,679	49,617	291,469
Total expenses		939,374	1,265,650	2,070,210	2,882,025
Other Income and expenses					
Interest income		(6,445)	(924)	(9,189)	(1,750)
Foreign exchange loss		55,251	21,988	87,769	40,782
Net loss and comprehensive loss		\$988,180	1,286,714	2,148,790	2,921,057
Loss per share for the period-basic diluted		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding		96,419,347	96,419,347	96,419,347	96,419,347

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 (DEFICIENCY)

For the six months ended February 29, 2024

(Unaudited, expressed in Canadian dollars)

	Notes	Number	Share Capital	Warrants	Contributed Surplus	Accumulated Deficit	Total
Balance August 31, 2022		96,419,347	\$ 13,497,123	655,000	\$ 3,163,447	\$ (16,172,292)	\$ 1,143,278
Net loss for the year		-	-	-	-	(2,921,057)	(2,921,057)
Share-based payments	7, 11	-	-	-	291,469	-	291,469
Balance February 28, 2023		96,419,347	\$ 13,497,123	655,000	\$ 3,454,916	\$ (19,093,349)	\$ (1,486,310)
Balance August 31, 2023		96,416,347	13,497,123	655,000	3,526,796	(21,439,365)	(3,760,446)
Net loss for the year		-	-	-	-	(2,148,790)	(2,148,790)
Share-based payments	11	-	-	-	49,617	-	49,617
Balance February 29, 2024		96,419,347	\$ 13,497,123	\$ 655,000	\$ 3,576,413	\$ (23,588,155)	\$ (5,859,619)

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

TRYP THERAPEUTICS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended February 29, 2024

(Unaudited, expressed in Canadian dollars)

	Notes	Six months ended February 29, 2024	Six Months ended February 28, 2023
OPERATING ACTIVITIES			
Net loss and comprehensive loss		\$ (2,148,790)	\$ (2,921,057)
Items not affecting cash:			
Share-based payments	9,12	49,617	291,469
Accretion expenses	7	373,383	-
Changes in non-cash working capital			
Other receivables		(5,124)	(8,561)
Prepays and advances		15,985	86,039
Trade payables and accrued liabilities	6	(912,821)	792,104
Cash used in operating activities		\$ (2,627,750)	\$ (1,760,006)
FINANCING ACTIVITIES			
Proceeds from private placement - Debentures	7	2,689,533	-
Cash provided by financing activities		\$ 2,689,533	\$ -
Increase (decrease) in cash, cash equivalents and restricted cash for three months		\$ 61,783	\$ (1,760,006)
Cash, cash equivalents and restricted cash, beginning of the year		398,019	1,882,185
Cash, cash equivalents and restricted cash, end for the three months		\$ 458,802	\$ 122,179
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents		\$ 420,806	\$ 43,843
Restricted cash		38,996	78,336
Total cash, cash equivalents and restricted cash		\$ 458,802	\$ 122,179

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 six months ended February 29, 2024 and 2023
(Unaudited, expressed in Canadian dollars)

1. COMPANY INFORMATION

Nature of Operations

Tryp Therapeutics Inc. (the “Company” or “Tryp”) was incorporated under the *BC Business Corporations Act* on September 24, 2019 under the name “Artos Pharma Corp.” (“Artos”). On June 30, 2020, Artos changed its name to “Tryp Therapeutics Inc.”

Tryp is a clinical-stage biotechnology company focused on bringing transformative medicine with known safety profiles to diseases with no effective first-line treatments. Tryp intends to accomplish this through the development of an IV infusion of psilocin, TYP-8803, (the active metabolite of psilocybin), which addresses many of the current limitations associated with orally administered psilocybin used by the majority of competitors in the field. Tryp’s lead programs are designed to address neuropsychiatric disorders through the therapeutic dosing of synthetic psilocybin and IV infused psilocin in conjunction with psychotherapy.

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”). 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”.

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.

On October 24, 2023, the Company acquired Tryptamine Therapeutics Australia PTY LTD. (“Tryp Australia”) an Australian private company incorporated on September 28, 2023 by the Company’s CEO. The Company’s acquisition cost was limited to the reimbursement of the original incorporation expenses.

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

2. BASIS OF PRESENTATION AND GOING CONCERN

Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These statements were prepared using the same accounting policies and methods of computation as the Company’s consolidated financial statements for the year ended August 31, 2023.

The Company’s interim results are not necessarily indicative of its results for a full year. All amounts are expressed in Canadian dollars, unless otherwise noted. References to USD or US\$ represent United States dollars. References to AUD or AU\$ represent Australian dollars.

These condensed interim consolidated financial statements do not include all disclosures required by International Financial Reporting Standards (“IFRS”) for annual consolidated financial statements and accordingly should be read in conjunction with the Company’s audited consolidated financial statements for the year ended August 31, 2023, prepared in accordance with IFRS as issued by the IASB.

The Company adopted the following accounting standards and amendments to accounting standards, effective September 1, 2023:

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. For the purposes of non-current

TRYP THERAPEUTICS INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****For the six months ended February 29, 2024 and 2023****(Unaudited, expressed in Canadian dollars)**

classification, the amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period. The amendments also clarify how a company classifies a liability that includes a counterparty conversion option. The amendments state that:

- settlement of a liability includes transferring a company's own equity instruments to the counterparty, and
- when classifying liabilities as current or non-current a company can ignore only those conversion options that are recognized as equity.

The amendments have been adopted by the Company, however the amendments did not result in any changes to the financial statements. The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on April 27, 2024.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency 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" or \$). The functional currencies of Tryp USA and Tryp Australia are U.S. dollars ("USD" or "\$") and Australian dollars ("AUD"), respectively.

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 \$2,219,430 for the six months ended February 29, 2024 (February 28, 2023 – 2,921,057) and a negative cash flow from operating activities of \$2,708,145 for the six months ended February 29, 2024 (February 28, 2023 - \$1,760,006). The Company has accumulated a deficit of \$23,658,795 (2023 - \$21,439,307) since inception. The operations of the Company have primarily been funded by the issuance of common shares and convertible debt. The Company has a working capital deficit at February 29, 2024 of \$5,901,970 (August 31, 2023 - \$1,489,665). 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 factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended February 29, 2024 and 2023
(Unaudited, expressed in Canadian dollars)

4. INTANGIBLE ASSETS

During the years ended August 31, 2023 and 2022, the Company invested \$8,168 (2022 - \$138,127) in intellectual property to secure patents as follows:

Costs	Intellectual Property
Balance August 31, 2022	\$ 163,091
Additions	8,168
Impairment	-
Balance August 31, 2023	171,259
Additions	-
Balance February 29, 2024	\$ 171,259

The balance As at February 29, 2024 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 29, 2024 and 2023. The Company performed an annual impairment test and determined that no impairment to the intangible assets were incurred.

5. TRADE AND OTHER PAYABLES

	February 29, 2024	August 31, 2023
Trade payables	\$ 1,008,603	\$1,881,289
Due to related party - Note 12	50,033	90,168
Total	\$ 1,058,636	\$1,971,457

6. CONVERTIBLE DEBENTURES

	November 30, 2023	August 31, 2023
Debentures	\$ 2,120,441	\$ -
Notes-Oct	154,615	-
Notes-Nov	3,030,352	-
Debentures - Current	\$ 5,305,408	-
Debentures - Non-current	-	\$ 2,145,759
Total	\$ 5,305,408	\$ 2,145,759

On April 26, 2023, the Company issued secured convertible debentures at a price of AUD\$1,000 each (the "Debentures") for gross proceeds of AUD\$2,400,000 (\$2,145,759). The Debentures are denominated in Australian Dollars, with a term of 18 months (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 shall 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. The Debentures and the underlying Common Shares will

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For the six months ended February 29, 2024 and 2023
(Unaudited, expressed in Canadian dollars)

6. CONVERTIBLE DEBENTURES (continued)

be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

The Company engaged Westar Capital Limited ("Westar") and paid a cash fee of 6% of gross proceeds in the amount of \$128,745 (AUD\$144,000) and were issued warrants (the "Broker Warrants") equal to 10.05% of the Company's total undiluted issued and outstanding shares on closing in the amount of 9,690,144 Broker Warrants. Each Broker Warrant shall entitle 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 shall retain the ability to cancel up to 60% of the Broker Warrants in certain circumstances.

The fair value of the liability is at the face amount of the convertible debt. The broker warrants are recorded as a derivative liability and revalued at each period end.

The Company recognized \$599,000 as Debenture issuance costs related to the broker warrants, which were valued using the Black-Scholes option pricing model under the following assumptions: a risk-free interest rate of 3.69%, annualized volatility of 99.32%, an expected life of 3 years, nil dividend yield, \$0.106 exercise price, and a \$0.08 share price. In addition, the Company incurred other Debenture issuance costs of \$54,340. The costs associated with issuing the convertible debt totaled \$782,085 and was recognized as convertible debt expense.

The Company revalued the Broker Warrants at February 29, 2024 using the Black-Scholes option pricing model under the following assumptions: a risk-free interest rate of 4.30%, annualized volatility of 126.75%, an expected life of 2.16 years, nil dividend yield, \$0.102 exercise price, and a \$0.040 share price resulting in a reduction of the derivative liability of \$199,548 and was recognized as a reduction to convertible debt expense.

On October 11, 2023, the Company closed a private placement of unsecured convertible debentures to Tryp's Chief Executive Officer for aggregate gross proceeds of AUD\$175,000 (\$145,170) ("Notes-Oct"). The Notes are denominated in Australian Dollars, have a term of 12 months, and are interest free. The Notes shall automatically convert into Common Shares on the earlier of: (i) October 11, 2024; or (ii) the time the Company is completing a liquidity event. The price at which the Notes-Oct will be converted into Common Shares will vary depending on various scenarios as set out in the Notes-Oct and at a conversion price fixed in accordance with CSE policies.

On November 20, 2023, the Company closed private placement of Notes for aggregate gross proceeds of AUD\$3,125,000 (\$2,891,893) ("Notes-Nov"). Tryp's Chief Executive Officer participated in Notes-Nov for gross proceeds of AUD\$325,000 (\$292,338) on the same basis as other subscribers. The Notes-Nov are denominated in Australian Dollars, have a term of 12 months, and are interest free. The Notes shall automatically convert into Common Shares on the earlier of: (i) November 20, 2024; or (ii) the time the Company is completing a liquidity event. The price at which the Notes-Nov will be converted into Common Shares will vary depending on various scenarios as set out in the Notes-Nov and at a conversion price fixed in accordance with CSE policies.

In connection with Notes, the Company has entered into an engagement agreement (the "Engagement Agreement") with ACNS Capital Markets Pty Ltd trading as Alto Capital ("Alto Capital") pursuant to which Alto Capital is entitled to a cash fee of 6% of proceeds raised under the Private Placement and will be issued such number of warrants as equals to 4.0% of the Common Shares issuable on conversion of Notes-1 and Notes-2.

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended February 29, 2024 and 2023
(Unaudited, expressed in Canadian dollars)

7. SHARE CAPITAL AND WARRANTS

Authorized share capital

The Company's authorized share capital consists of:

- a) Unlimited common shares without par value.
- b) Unlimited preferred shares without par value. As at February 29, 2024, there were no preferred shares issued.

Common Shares

The following is a summary of changes in share capital from August 31, 2022 to February 29, 2024:

Share Issuance

	Number	Share Capital
Balance August 31, 2022	96,419,347	\$ 13,497,123
Changes in year	-	-
Balance August 31, 2023	96,419,347	\$ 13,497,123
Change in period	-	-
Balance February 29, 2024	96,419,347	\$ 13,497,123

On February 22, 2022, the Company completed the first tranche of a non-brokered private placement issuing 5,000,000 common shares at a price of \$0.20 per common share for gross proceeds of \$1,000,000 to the controlling shareholder and former director of the Company. Share issue costs during the six months ended February 29, 2024 in connection with the placement included legal and filing fees of \$23,320.

Placement Closing Date	February 22, 2021
Issue price per unit	\$0.20
Common shares issued	5,000,000
Warrants issued	-
Warrant exercise price	-
Cash Proceeds Summary	
Gross proceeds	\$ 1,000,000
Share issuance costs	(23,320)
Net cash proceeds on issuance	976,680

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

On April 22, 2022, the Company completed the second tranche of a non-brokered private placement issuing 20,000,000 units (the "Units") at a price of \$0.15 per Unit, for gross proceeds of \$3,000,000 to the controlling shareholder and former director of the Company. Each individual unit consists of one common share and one-half of one non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional common share at a price of \$0.20 per common share until April 22, 2024. As part of the unit offering, the Company issued 10,000,000 warrants valued at \$650,000 using the residual method. Share issue costs during the year ended August 31, 2022 in connection with the placement included legal and filing fees in the amount of \$10,217.

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended February 29, 2024 and 2023
(Unaudited, expressed in Canadian dollars)

7. SHARE CAPITAL AND WARRANTS (continued)

Placement Closing Date	April 22, 2022
Issue price per unit	\$ 0.15
Common shares issued	20,000,000
Warrants issued	10,000,000
Warrant exercise price	\$ 0.20
Cash proceeds summary	
Gross proceeds	3,000,000
Share issuance costs	(10,217)
Net cash proceeds on issuance	\$ 2,989,783

On July 8, 2022, the Company completed a third tranche of the non-brokered private placement issuing 1,000,000 units (the "Units") at a price of \$0.15 per Unit, for gross proceeds of \$150,000 to a third party. Each individual unit consists of one common share and one-half of one non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to acquire one additional common share at a price of \$0.20 per Common Share until July 8, 2024. As part of the unit offering, the Company issued 500,000 warrants valued at \$5,000 using the residual method. Share issue costs during the year ended August 31, 2022 in connection with the placement included legal and filing fees of \$5,100.

Placement Closing Date	July 8, 2022
Issue price per unit	\$ 0.15
Common shares issued	1,000,000
Warrants issued	500,000
Warrant exercise price	\$ 0.20
Cash proceeds summary	
Gross proceeds	150,000
Share issuance costs	(5,100)
Net cash proceeds on issuance	\$ 144,900

Warrants Continuity

As at February 29, 2024, the following share purchase warrants were outstanding:

Issue Date	Expiry Date	Number of Warrants	Exercise Price
April 22, 2022	April 22, 2024	10,000,000	\$0.20
July 8, 2022	July 8, 2024	500,000	\$0.20
Balance at August 31, 2022		10,500,000	\$0.20
Changes in the year		-	-
April 22, 2022 ⁽ⁱ⁾	April 22, 2027	10,000,000	\$0.10
July 8, 2022	July 8, 2024	500,000	\$0.20
Balance at August 31, 2023		10,500,000	\$0.10

(i) Effective July 27, 2023, the Company reduced the exercise price of 10,000,000 warrants to \$0.10 per common shares and extended the expiry date to April 22, 2027. The warrants were originally issued to the controlling shareholder as part of a \$3,000,000 non-brokered private placement on April 22, 2022, which entitled the holder to acquire one additional common share at a price of \$0.20 per common share until April 22, 2024.

As at February 29, 2024, 10,500,000 share purchase warrants were outstanding and exercisable (August 31, 2023 - 10,500,000) with a weighted average remaining contractual life of 3.01 (August 31, 2023 - 3.51) years.

TRYP THERAPEUTICS INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited, expressed in Canadian dollars)

7. SHARE CAPITAL AND WARRANTS (continued)

The following is a summary of changes in broker warrants:

	Number of Broker Warrants	Weighted Average Exercise Price
Balance August 31, 2022	-	-
Issued	9,690,144	0.106
Balance August 31, 2022	-	-
Issued in the year	-	-
Balance February 29, 2024	9,690,144	\$0.106

On April 26, 2023, the Company issued 9,690,144 Broker Warrants. Each Broker Warrant shall entitle 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 shall retain the ability to cancel up to 60% of the Broker Warrants in certain circumstances.

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 August 31, 2023, 3,043,860 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.

8. SHARE-BASED PAYMENTS

Option Plan Details

On January 9, 2020, the Company implemented an Incentive Stock Option Plan that was further amended on April 1, 2021 and on October 30, 2023 (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 amendment to the Stock Option Plan on October 30, 2023 increased the allowable Special Consultant Options by 7,713,548 options, which were granted to the Company's Chief Executive Officer on October 30, 2023 pursuant to an agreement dated July 29, 2023.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended February 29, 2024 and 2023
(Unaudited, expressed in Canadian dollars)

8. SHARE-BASED PAYMENTS (continued)

Options

The following is the summary of changes in options from August 31, 2023 to February 29, 2024:

	Number of Options	Weighted Average Exercise Price
Balance August 31, 2022	15,989,684	\$ 0.17
Granted	500,000	\$ 0.17
Balance February 28, 2023	16,489,684	\$ 0.17
August 31, 2023	14,584,127	\$ 0.17
Granted	10,463,548	\$ 0.108
Forfeited	(1,114,443)	\$ (0.17)
February 29, 2024	23,933,232	\$ 0.146

As at February 29, 2024, the following options were outstanding:

Expiry Date	Exercise Price	Number of Options	Vested and Exercisable	Unvested
September 29, 2025	\$0.15	800,000	800,000	-
November 2, 2025	\$0.15	500,000	500,000	-
October 30, 2028	\$0.106	10,463,548	-	10,463,548
November 2, 2030	\$0.15	3,769,684	3,769,684	-
March 31, 2031	\$0.68	100,000	100,000	-
April 22, 2032	\$0.17	5,000,000	5,000,000	-
May 22, 2032	\$0.17	2,000,000	2,000,000	-
June 14, 2032	\$0.17	1,594,443	1,594,443	-
September 15, 2032	\$0.17	500,000	500,000	-
		23,933,232	13,469,684	10,463,548

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 January 31 and February 3, 2022, 2,400,000 and 4,500,000 options were forfeited, respectively.

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

On April 22, 2022, the Company cancelled an aggregate of 2,000,000 options held by certain officers, employees, and directors with exercise prices ranging from \$0.40 to \$0.75 and re-granted the same number of options to such individuals on May 22, 2022 at an exercise price of \$0.17 and a term of 10 years, subject to vesting restrictions. The stock option grant was accounted for as replacement and

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8. SHARE-BASED PAYMENTS (continued)

Options (continued)

modification of stock options previously granted. This modification of options has been treated as a repricing of options, where the remaining incremental fair value of the cancelled options was immediately expensed, and a new fair value is used in determining share-based payment expense over the new vesting period of the regranted options.

On June 14, 2022, 800,000 options were granted to a director of the Company. The options have an exercise price of \$0.17, a term of 10 years, and vest in equal monthly instalments over a period of 12 months.

On June 14, 2022, the Company granted 2,200,000 options to an officer of the Company. The options have an exercise price of \$0.17, a term of 10 years, and vest in equal monthly instalments over a period of three years.

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. On October 30, 2023, the vesting period was accelerated, and all unvested options were vested effective October 30, 2023.

The fair value of the options was determined using the Black-Scholes option pricing model assumptions in the table below for the nine months ended August 31, 2023.

	September 15, 2022	October 18, 2021
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 twelve months ended August 31, 2023 was \$363,349 (August 31, 2022 - \$274,915) has been recorded to share-based payments in the consolidated statements of loss and comprehensive loss with a corresponding increase in contributed surplus.

On October 30, 2023, the Company accelerated the vesting periods of options granted on March 31, 2021 and September 30, 2022, resulting in 363,889 unvested options at August 31, 2023 becoming fully vested.

On October 30, 2023, the Company granted 10,463,548 options to three officers of the Company. The options have an exercise price of \$0.108, a term of 5 years. The options vest based on the following share price performance metrics:

- 25% of such Options allocated to each individual will vest and become exercisable on the achievement of a 30-day VWAP that is equal to or above 150% of the initial listing price of the Company's Shares or CHESD Depository Interests (CDIs), as applicable, on the ASX.
- 25% of such Options allocated to each individual will vest and become exercisable on the achievement of a 30-day VWAP that is equal to or above 200% of the initial listing price of the Company's Shares or CHESD Depository Interests (CDIs), as applicable, on the ASX .

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8. SHARE-BASED PAYMENTS (continued)

Options (continued)

- 25% of such Options allocated to each individual will vest and become exercisable on the achievement of a 30-day VWAP that is equal to or above 250% of the initial listing price of the Company's Shares or CHES Depository Interests (CDIs), as applicable, on the ASX
- 25% of such Options allocated to each individual will vest and become exercisable on the achievement of a 30-day VWAP that is equal to or above 300% of the initial listing price of the Company's Shares or CHES Depository Interests (CDIs), as applicable, on the ASX

The fair value of the options was determined using the Black-Scholes option pricing model assumptions in the table below at October 30, 2023.

	October 30, 2023
Options granted	10,463,548
Share price	\$0.05
Exercise price	\$0.108
Expected life	5 years
Volatility	114.14%
Risk-free Rate	4.23%
Fair value of options grant	\$ 385,500

9. GENERAL AND ADMINISTRATION EXPENSES

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Director's fee	-	40,000	-	86,665
Professional fees	42,461	63,711	138,860	115,793
Consulting fees and salaries	173,176	134,983	332,106	219,484
Insurance	138,130	97,330	271,350	279,182
Office and administrative fees	37,595	65,093	80,742	127,430
Regulatory and legal fees	(42,638)	18,873	150,300	27,748
Investors relation and corporate development	45,392	38,602	83,136	85,553
	394,116	458,592	1,056,494	941,855

10. RESEARCH AND DEVELOPMENT EXPENSES

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Preclinical activities TRP-8803	-	62,633	-	115,267
Development activities for TRP-8802	14,571	469,936	15,331	1,017,644
Staff, consultants and other expenses	315,897	168,810	575,385	515,790
	330,468	701,379	590,716	1,648,701

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11. 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 payable to Company officers, directors, and private companies controlled by officers and directors, was as follows:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
Key management personnel compensation				
Compensation ⁽¹⁾	254,087	140,475	468,250	314,700
Director fees	-	40,000	-	86,665
Share-based payments	21,280	93,629	49,617	257,344
	275,367	274,104	4517,867	658,709

(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.

12. RELATED PARTY TRANSACTIONS

Share-based payments to key management personnel are the fair value of options vested in the period.

As of February 29, 2024, included in trade and other payables are amounts due to officers and directors for fees and expenses of \$50,033 (2023 - \$90,168). Amounts due to related parties included in trade and other payables are unsecured, non-interest bearing and are without fixed terms of repayment.

Related party transactions have occurred in the normal course of operations and are measured at their fair values.

A major shareholder acquired, on April 26, 2023, an aggregate principal amount of AUD\$1,200,000 of Debentures on the same basis as other subscribers (Note 7).

A director of the Company, on April 26, 2023, acquired AUD\$100,000 of the Debentures on the same basis as other subscribers. In addition, this same director received certain fees from the broker in connection with the Debentures, including 4,845,072 Broker Warrants (Note 7).

On October 11, 2023, the Company closed a private placement of unsecured convertible debentures to Tryp's Chief Executive Officer for aggregate gross proceeds of AUD\$175,000 (\$145,170) ("Notes-Oct"). The Notes are denominated in Australian Dollars, have a term of 12 months, and are interest free.

On November 20, 2023, Tryp's Chief Executive Officer participated in Notes-Nov for gross proceeds of AUD\$325,000 (\$292,338) on the same basis as other subscribers.

13. CAPITAL MANAGEMENT

The Company defines capital management as the manner in which it manages its shareholders' equity. As at February 29, 2024, the Company's shareholders' equity was a deficit of \$5,859,619 (shareholders' equity as at August 31, 2023 - \$3,760,443). There were no changes in the Company's approach to capital management during the six months ended February 29, 2024 and the Company is not subject to

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13. CAPITAL MANAGEMENT (continued)

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 29, 2024, the Company had a working capital deficit of \$5,831,330 (working capital deficit as at August 31, 2023: \$1,489,665) and for the six months ended February 29, 2024, cash used in operating activities of \$2,627,750 (February 23: \$1,760,006). The working capital deficit relates primarily to the convertible debentures used to finance operations until such time an equity financing may be completed, which would trigger their conversion into share capital. Working capital is a non-GAAP measure calculated as total current assets less total current liabilities.

15 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 29, 2024 and 2023, all of the Company's long-term assets are located in Canada.

16. SUBSEQUENT EVENTS

The shareholders of the Company and of Exopharm Limited ("Exopharm"), approved the previously announced plan of arrangement (the "Arrangement") on March 8, 2024 and April 11, 2024, respectively. Pursuant to the Arrangement, Exopharm has agreed to acquire all of the issued and outstanding common shares in the capital of Tryp (the "Tryp Shares") in consideration of the issuance of 3.616 ordinary shares in the capital of Exopharm for each one (1) Tryp Share. The Arrangement conditions include raising a minimum of AU\$6,000,000 under a public offering expected to be closed in May 2024.

On April 24, 2024, the Company confirmed that all conditions precedent to the completion of the Arrangement have been satisfied or waived (with the exception of the conditional approval of the Australian Securities Exchange (the "ASX"), which is expected to be received on April 30, 2024 and the parties anticipate that the Arrangement will be completed on or about May 1, 2024, with the combined company's shares to commence trading on the ASX under the name "Tryptamine Therapeutics Limited" and the ticker symbol "TYP" on or about May 15, 2024, following the combined company's satisfaction of the ASX admission conditions.

In anticipation of the closing of the Arrangement, Tryp has voluntarily requested that trading in its common shares (the "Tryp Shares") on the Canadian Securities Exchange (the "CSE") and on the OTCQB Venture Market (the "OTCQB") be halted effective April 29, 2024. Subsequent to the completion of the Arrangement, the Tryp Shares are expected to be delisted from the CSE and to cease trading on the OTCQB.