# TRYP THERAPEUTICS INC.

*Condensed Interim Consolidated Financial Statements - amended*

**(Expressed in Canadian dollars)**

**For the Six Months Ended February 29, 2024**

**TRYP THERAPEUTICS INC.**

<u>**INDEX**</u> <u>Page</u>

**Condensed interim consolidated financial statements - amended**

# TRYP THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - amended
As at February 29, 2024 and August 31, 2023
*(Unaudited, expressed in Canadian dollars)*

| | Notes | | **February 29, 2024** | | August 31, 2023 |
|---|---|---|---|---|---|
| **ASSETS** | **5** | | | | |
| Current | | | | | |
| Cash and cash equivalents | | **$** | **420,806** | **$** | 359,187 |
| Restricted cash | | | **38,996** | | 38,832 |
| Prepaids and advances | | | **38,300** | | 54,285 |
| Other receivables | | | **34,612** | | 29,488 |
| Total current assets | | | **532,714** | | 481,792 |
| Non-Current | | | | | |
| Intangible assets | 3 | | **171,259** | | 171,259 |
| **Total Assets** | | **$** | **703,973** | **$** | 653,051 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)** | | | | | |
| Current | | | | | |
| Trade payables and accrued liabilities | 4 | **$** | **1,192,401** | **$** | 1,971,457 |
| Convertible debentures | 5 | | **5,115,563** | | - |
| Total current liabilities | | | **6,307,964** | | 1,971,457 |
| Non-current | | | | | |
| Convertible debentures | | | **-** | | 2,102,880 |
| Derivative liability | 5 | | **199,548** | | 339,160 |
| Total non-current liabilities | | | **199,548** | | 2,442,040 |
| **Total liabilities** | | | **6,507,512** | | 4,413,497 |
| **Shareholders' equity (deficiency)** | | | | | |
| Share capital | 6 | | **13,497,123** | | 13,497,123 |
| Warrants | 6 | | **655,000** | | 655,000 |
| Contributed surplus | 7 | | **3,617,731** | | 3,526,796 |
| Accumulated deficit | | | **(23,573,393)** | | (21,439,365) |
| **Total shareholders' equity (deficiency)** | | | **(5,803,539)** | | (3,760,446) |
| **Total Liabilities and Shareholders' Equity (Deficiency)** | | **$** | **703,973** | **$** | 653,051 |

**Nature of operations** (Note 1) **and going concern** (Note 2)
*The accompanying notes are an integral part of these Condensed Interim consolidated financial statements*

*Approved on behalf of the Board of Directors:*

| | |
|---|---|
| *"Gage Jull"* | *"Peter Molloy"* |
| Director | Director |

# TRYP THERAPEUTICS INC.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS - amended
For the three and six months ended February 29, 2024
(*Unaudited, expressed in Canadian dollars*)

| | Notes | Three months ended February 29, 2024 | Three months ended February 28, 2023 | Six months ended. February 29, 2024 | Six months ended February 28, 2023 |
|---|---|---|---|---|---|
| Convertible debt expenses | 5 | $(15,881) | $ - | $163,992 | $ - |
| General and administration | 8 | 527,880 | 458,592 | 1,190,258 | 941,855 |
| Research and development | 9 | 330,468 | 701,379 | 590,716 | 1,648,701 |
| Share-based payments | 7 | 62,598 | 105,679 | 90,935 | 291,469 |
| Total expenses | | 905,065 | **1,265,650** | 2,031,112 | **2,882,025** |
| **Other Income and expenses** | | | | | |
| Interest income | | (6,445) | (924) | (9,189) | (1,750) |
| Foreign exchange loss | | 74,798 | 21,988 | 107,316 | 40,782 |
| **Net loss and comprehensive loss** | | $973,418 | **1,286,714** | **2,134,028** | **2,921,057** |
| **Loss per share for the period-basic diluted** | | **$ (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) - amended
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 period | | - | - | - | - | (2,921,057) | (2,921,057) |
| Share-based payments | 7 | - | - | - | 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 period | | - | - | - | - | **(2,134,028)** | **(2,134,028)** |
| Share-based payments | 7 | - | - | - | **90,935** | - | **90,935** |
| **Balance February 29, 2024** | | **96,419,347** | **$ 13,497,123** | **$ 655,000** | **$ 3,617,731** | **$ (23,573,393)** | **$ (5,803,539)** |

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

# TRYP THERAPEUTICS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS - amended
For the six months ended February 29, 2024
*(Unaudited, expressed in Canadian dollars)*

| | Notes | February 29, 2024 | February 29, 2023 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net loss and comprehensive loss | | **$ (2,134,028)** | $ (2,921,057) |
| Items not affecting cash: | | | |
| Share-based payments | 7 | **90,935** | 291,469 |
| Convertible debt expenses | 5 | **(139,612)** | - |
| Unrealized foreign exchange | 5 | **(24,380)** | - |
| Changes in non-cash working capital | | | |
| Other receivables | | **(5,124)** | (8,561) |
| Prepaids and advances | | **15,985** | 86,039 |
| Trade payables and accrued liabilities | 4 | **(779,056)** | 792,104 |
| **Cash used in operating activities** | | **$ (2,975,280)** | $ (1,760,006) |
| **FINANCING ACTIVITY** | | | |
| Proceeds from private placement - Debentures | 5 | **3,037,063** | - |
| **Cash provided by financing activity** | | **$ 3,037,063** | $ - |
| **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 period** | | **398,019** | 1,882,185 |
| **Cash, cash equivalents and restricted cash, end for the six months** | | **$ 459,802** | $ 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** | | **$ 459,802** | $ 122,179 |

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

## 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

## 2. BASIS OF PRESENTATION AND GOING CONCERN (continued)

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 May 16, 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 $). The functional currencies of Tryp USA and Tryp Australia are U.S. dollars ("USD" or "US$") 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 $2,134,028 for the six months ended February 29, 2024 (February 28, 2023 – $2,921,057) and a negative cash flow from operating activities of $2,975,280 for the six months ended February 29, 2024 (February 28, 2023 - $1,760,006). The Company has accumulated a deficit of $23,573,393 (August 31, 2023 - $21,439,365) 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 $5,775,250 (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 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.

**Use of accounting estimates and judgements**

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual outcomes could differ from these estimates and judgement, which, by their nature, are uncertain. Significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the annual consolidated financial statements as at and for the year ended August 31, 2023, except for the valuation of stock options.

Estimates

Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the condensed interim consolidated statements of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) Stock-based Compensation

The estimation of stock-based compensation requires the selection of an appropriate valuation model and consideration as to in the inputs necessary for the valuation model choses. The company has made estimates as to the volatility of its own share price, the expected life of the options, the risk-free rate, the probability of financing and the average probability of achieving stock price hurdles. The company utilised Monte-Carlo simulation valuation models to determine the fair value of these options. The assumptions are summarized below:

| | |
|---|---|
| **Volatility** | **150%** |
| **Expected life** | 5 Years |
| **Risk-free Rate** | 4.5% |
| **Probability of Financing** | 66% |
| **Average probability of achieving stock price hurdles** | 37.3% |

## 3. 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.

## 4. TRADE AND OTHER PAYABLES

| | February 29, 2024 | August 31, 2023 |
|---|---|---|
| Trade payables | **$ 1,142,368** | $1,881,289 |
| Due to related party - Note 11 | **50,033** | 90,168 |
| Total | **$ 1,192,401** | $1,971,457 |

## 5. CONVERTIBLE DEBENTURES

| | February 29, 2024 | August 31, 2023 |
|---|---|---|
| Debentures | **$ 2,120,441** | $ - |
| Notes-Oct | **154,615** | - |
| Notes-Nov | **2,840,507** | - |
| Debentures - Current | **$ 5,115,563** | - |
| Debentures - Non-current | **-** | $ 2,145,759 |
| Total | **$ 5,115,563** | $ 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 .

## 5. 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 to $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.

**(Unaudited, expressed in Canadian dollars)**

## 6. SHARE CAPITAL AND WARRANTS

### Authorized share capital

The Company's authorized share capital consists of:

a) Unlimited common shares without par value.
b) Unlimited preferred shares without par value. As at February 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:

| | 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** |

### 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(i) | April 22, 2027 | 10,000,000 | $0.10 |
| July 8, 2022 | July 8, 2024 | 500,000 | $0.20 |
| **Balance at February 29, 2024 and 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.

**(Unaudited, expressed in Canadian dollars)**

## 6. 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, 2023** | - | - |
| **Issued in the period** | - | - |
| **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.

### 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). Based on the Company's escrow agreement, 3,043,860 common shares were released on 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 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.

**(Unaudited, expressed in Canadian dollars)**

## 7. 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 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:.

| | September 15, 2022 |
|---|---|
| | |
| Options granted | 500,000 |
| Share price | $0.17 |
| Exercise price | $0.17 |
| Expected life | 10 years |
| Volatility | 96.3% |
| Risk-free Rate | 3.03% |
| Fair value of options grant | $ 75,694 |

**(Unaudited, expressed in Canadian dollars)**

## 7. SHARE-BASED PAYMENTS (continued)

The total fair value of options vested during the year ended August 31, 2023 was $363,349 and 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 after achieving a minimum financing of AU$5,000,000 and 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 CHESS 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 CHESS 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 250% of the initial listing price of the Company's Shares or CHESS 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 CHESS Depository Interests (CDIs), as applicable, on the ASX

The fair value of the options was determined using a Monte Carlo option pricing model assumptions in the table below at October 30, 2023. Share based compensation of $62,598 was recorded in the period ended February 29, 2024.

| | **October 30, 2023** |
|---|---:|
| Options granted | 10,463,548 |
| Share price | $0.075 |
| Exercise price | $0.108 |
| Expected life | 5 years |
| Volatility | 150.0% |
| Risk-free Rate | 4.50% |
| Probability of financing | 66.0% |
| Average probability of achieving stock price hurdles | 37.3% |
| Fair value of options grant | $ 176,960 |

**(Unaudited, expressed in Canadian dollars)**

## 8. 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 | 100,555 | 63,711 | 196,952 | 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 | 33,032 | 18,873 | 225,972 | 27,748 |
| Investors relation and corporate development | 45,392 | 38,602 | 83,136 | 85,553 |
| | 527,880 | 458,592 | 1,190,258 | 941,855 |

## 9. RESEARCH AND DEVELOPMENT EXPENSES

| | Three months ended | | Six months ended | |
|---|---|---|---|---|
| | February 29, 2024 | February28, 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 |

## 10. 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 | 62,598 | 93,629 | 90,935 | 257,344 |
| | 316,685 | 274,104 | 559,185 | 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.*

## 11. 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 5).

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 5).

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.

## 12. FINANCIAL INSTRUMENTS

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

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

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

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

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

**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 and restricted cash held in bank accounts and GICs.

## 12. FINANCIAL INSTRUMENTS (continued)

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 which are classified as current on the condensed interim consolidated statements 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 February 29, 2024 and August 31, 2023, the Company did not have any financial instruments subject to significant interest rate risk.

## 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 $5,803,539 (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 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.

## 13. CAPITAL MANAGEMENT (continued)

As at February 29, 2024, the Company had a working capital deficit of $5,775,250 (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 $2,975,280 (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.

## 14. 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 and Australia All of the Company's expenditures are incurred in Canada, Australia and the United States. As at February 29, 2024 and 2023, all of the Company's long-term assets are located in Canada.

## 15. SUBSEQUENT EVENTS

The shareholders 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 was received on April 30, 2024 and the Arrangement was completed on 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 22, 2024, following the combined company's satisfaction of the ASX admission conditions.

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