UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number: 001-40800

TYRA BIOSCIENCES, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**83-1476348**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
2656 State Street Carlsbad, California	**92008**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (619) 728-4760

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	**TYRA**	**The Nasdaq Global Select Market**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2022, the registrant had 42,197,431 shares of common stock, $0.0001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

Tyra Biosciences, Inc.
Balance Sheets
(in thousands, except share and par value data)

	September 30, 2022 (unaudited)	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 263,211	$ 302,182
Prepaid and other current assets	4,260	1,875
Total current assets	267,471	304,057
Restricted cash	1,000	243
Property and equipment, net	1,146	1,027
Right-of-use asset	2,496	1,062
Other long-term assets	3,872	312
Total assets	$ 275,985	$ 306,701
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable (including related party amounts of $64 and $47, respectively)	$ 2,747	$ 599
Lease liabilities, current	127	202
Accrued and other current liabilities	2,615	2,815
Total current liabilities	5,489	3,616
Lease liabilities, noncurrent	2,514	981
Other long-term liabilities	226	367
Total liabilities	8,229	4,964
Commitments and contingencies (Note 2)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 50,000,000 shares authorized at September 30, 2022 and December 31, 2021, respectively; no shares issued and outstanding at September 30, 2022 and December 31, 2021, respectively	—	—
Common stock, $0.0001 par value; 500,000,000 shares authorized at September 30, 2022 and December 31, 2021, respectively; 42,632,858 and 42,536,183 shares issued at September 30, 2022 and December 31, 2021, respectively, and 42,136,971 and 41,441,135 shares outstanding at September 30, 2022 and December 31, 2021, respectively	4	4
Additional paid-in capital	350,553	342,104
Accumulated deficit	(82,801)	(40,371)
Total stockholders' equity	267,756	301,737
Total liabilities and stockholders' equity	$ 275,985	$ 306,701

See accompanying notes to unaudited financial statements.

Tyra Biosciences, Inc.
Statements of Operations and Comprehensive Loss
(unaudited)
(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Operating expenses:				
Research and development	$ 10,915	$ 5,484	$ 32,608	$ 13,386
General and administrative (including related party amounts of $173, $142, $570 and $260, respectively)	2,730	1,154	11,301	2,970
Total operating expenses	13,645	6,638	43,909	16,356
Loss from operations	(13,645)	(6,638)	(43,909)	(16,356)
Other income (expense):				
Interest income	1,131	2	1,496	8
Other income (expense)	5	(7)	(17)	(16)
Total other income (expense)	1,136	(5)	1,479	(8)
Net loss and comprehensive loss	$ (12,509)	$ (6,643)	$ (42,430)	$ (16,364)
Net loss per share, basic and diluted	$ (0.30)	$ (0.72)	$ (1.02)	$ (3.63)
Weighted-average shares used to compute net loss per share, basic and diluted	41,997,195	9,164,003	41,777,052	4,504,997

See accompanying notes to unaudited financial statements.

Tyra Biosciences, Inc.
Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)
(unaudited)
(in thousands, except share amounts)

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2020	3,374,560	$ 27,651	—	$ —	1,829,377	$ —	$ 439	$ (14,077)	$ (13,638)
Issuance of Series A convertible preferred stock, net of issuance costs	2,848,486	23,495	—	—	—	—	—	—	—
Issuance of Series B convertible preferred stock, net of issuance costs	—	—	3,874,793	106,128	—	—	—	—	—
Issuance of common stock under benefit plans	—	—	—	—	139,212	—	86	—	86
Vesting of shares of common stock subject to repurchase	—	—	—	—	234,239	—	65	—	65
Stock-based compensation	—	—	—	—	—	—	174	—	174
Net loss	—	—	—	—	—	—	—	(4,209)	(4,209)
Balance at March 31, 2021	6,223,046	$ 51,146	3,874,793	$ 106,128	2,202,828	$ —	$ 764	$ (18,286)	$ (17,522)
Issuance of common stock under benefit plans	—	—	—	—	1,511	—	1	—	1
Vesting of shares of common stock subject to repurchase	—	—	—	—	170,012	—	28	—	28
Stock-based compensation	—	—	—	—	—	—	338	—	338
Net loss	—	—	—	—	—	—	—	(5,512)	(5,512)
Balance at June 30, 2021	6,223,046	$ 51,146	3,874,793	$ 106,128	2,374,351	$ —	$ 1,131	$ (23,798)	$ (22,667)
Preferred stock converted into shares of common stock	(6,223,046)	(51,146)	(3,874,793)	(106,128)	26,228,089	3	157,271	—	157,274
Initial public offering of common shares, net of issuance costs	—	—	—	—	12,420,000	1	181,219	—	181,220
Issuance of common stock under benefit plans	—	—	—	—	522	—	1	—	1
Vesting of shares of common stock subject to repurchase	—	—	—	—	184,698	—	39	—	39
Stock-based compensation	—	—	—	—	—	—	507	—	507
Net loss	—	—	—	—	—	—	—	(6,643)	(6,643)
Balance at September 30, 2021	—	$ —	—	$ —	41,207,660	$ 4	$ 340,168	$ (30,441)	$ 309,731

	Series A Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2021	—	$ —	—	$ —	41,441,135	$ 4	$ 342,104	$ (40,371)	$ 301,737
Issuance of common stock under benefit plans	—	—	—	—	28,951	—	238	—	238
Vesting of shares of common stock subject to repurchase	—	—	—	—	226,478	—	63	—	63
Stock-based compensation	—	—	—	—	—	—	3,972	—	3,972
Net loss	—	—	—	—	—	—	—	(14,826)	(14,826)
Balance at March 31, 2022	—	$ —	—	$ —	41,696,564	$ 4	$ 346,377	$ (55,197)	$ 291,184
Issuance of common stock under benefit plans	—	—	—	—	15,247	—	34	—	34
Vesting of shares of common stock subject to repurchase	—	—	—	—	191,299	—	42	—	42
Stock-based compensation	—	—	—	—	—	—	2,688	—	2,688
Net loss	—	—	—	—	—	—	—	(15,095)	(15,095)
Balance at June 30, 2022	—	$ —	—	$ —	41,903,110	$ 4	$ 349,141	$ (70,292)	$ 278,853
Issuance of common stock under benefit plans	—	—	—	—	52,477	—	356	—	356
Vesting of shares of common stock subject to repurchase	—	—	—	—	181,384	—	37	—	37
Stock-based compensation	—	—	—	—	—	—	1,019	—	1,019
Net loss	—	—	—	—	—	—	—	(12,509)	(12,509)
Balance at September 30, 2022	—	$ —	—	$ —	42,136,971	$ 4	$ 350,553	$ (82,801)	$ 267,756

See accompanying notes to unaudited financial statements.

Tyra Biosciences, Inc.
Statements of Cash Flows
(unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net loss	$ (42,430)	$ (16,364)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	214	90
Stock-based compensation	7,679	1,019
Loss on disposal of property and equipment	3	3
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(5,945)	(917)
Accounts payable, accrued expenses and other liabilities	2,150	1,396
Right-of-use assets and lease liabilities, net	24	56
Net cash used in operating activities	(38,305)	(14,717)
Cash flows from investing activities:		
Purchases of property and equipment	(538)	(556)
Proceeds from sale of property and equipment	—	16
Net cash used in investing activities	(538)	(540)
Cash flows from financing activities:		
Payment of deferred offering costs	—	182,729
Proceeds from the issuance of Series A convertible preferred stock, net of issuance costs	—	23,495
Proceeds from the issuance of Series B convertible preferred stock, net of issuance costs	—	106,128
Proceeds from issuances of common stock under benefit plans	629	513
Payments for financing lease	—	(9)
Net cash provided by financing activities	629	312,856
Net cash (decrease) increase for the period	(38,214)	297,599
Cash, cash equivalents and restricted cash at beginning of the period	302,425	15,467
Cash, cash equivalents and restricted cash at end of the period	$ 264,211	$ 313,066
Reconciliation of cash, cash equivalents and restricted cash to the balance sheets		
Cash and cash equivalents	$ 263,211	$ 312,823
Restricted cash	1,000	243
Total cash, cash equivalents and restricted cash	$ 264,211	$ 313,066
Supplemental disclosure of cash flow information:		
Right-of-use asset obtained in exchange for lease liability	$ 1,556	$ 1,238
Non-cash investing and financing activities:		
Purchases of equipment included in accounts payable	9	17
Deferred offering costs included in accounts payable and accrued expenses	—	1,509

See accompanying notes to unaudited financial statements.

1. Organization and Basis of Presentation

Organization

Tyra Biosciences, Inc. (the Company) was incorporated in the state of Delaware on August 2, 2018. The Company is a precision oncology company designing and developing purpose-built therapies specifically designed to overcome therapy resistance and improve the lives of cancer patients whose tumors have acquired resistance over the course of therapy to currently available treatments.

On September 17, 2021, the Company completed its initial public offering (the IPO) and issued 12,420,000 shares of common stock for net proceeds of approximately $181.2 million. See Note 6 to these financial statements for additional details.

Stock Split

On September 7, 2021, the Company effected a 2.5974-for-1 forward stock split of its common stock (the Forward Stock Split). The par value of the common stock was not adjusted as a result of the Forward Stock Split and the authorized shares were increased to 50,000,000 shares of common stock in connection with the Forward Stock Split. In conjunction with the Company's IPO, the authorized shares of common stock were increased to 500,000,000. The accompanying financial statements and notes to the financial statements give retroactive effect to the Forward Stock Split for all periods presented, unless otherwise indicated.

Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles in the United States (GAAP). Any reference in these notes to applicable guidance is meant to refer to GAAP as found in the Accounting Standards Codification (ASC) and Accounting Standards Updates (ASU) promulgated by the Financial Accounting Standards Board (FASB). The accompanying unaudited financial statements do not include all of the information and notes required by GAAP for complete financial statements. These unaudited financial statements include only normal and recurring adjustments that the Company believes are necessary to fairly state the Company's financial position and the results of its operations and cash flows. The results for the three and nine months ended September 30, 2022 and 2021 are not necessarily indicative of the results expected for the full fiscal year or any subsequent interim period. The balance sheet at September 30, 2022 has been derived from the financial statements at that date but does not include all disclosures required by GAAP for complete financial statements. Because all of the disclosures required by GAAP for complete financial statements are not included herein, these unaudited financial statements and the notes accompanying them should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Liquidity and Capital Resources

From inception to September 30, 2022, the Company has devoted substantially all of its resources to organizing and staffing the company, business planning, raising capital, developing its proprietary SNÅP platform, undertaking research and development activities for its development programs, establishing its intellectual property portfolio, and providing general and administrative support for its operations. The Company has a limited operating history, has never generated any revenue, and the sales and income potential of its business is unproven. The Company has incurred net losses and negative cash flows from operating activities since its inception and expects to continue to incur net losses into the foreseeable future as it continues to develop its current and future product candidates. From inception through September 30, 2022, the Company funded its operations primarily through the issuance of common stock in its IPO, the sale of convertible preferred stock and the issuance of Simple Agreements for Future Equity.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business, and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty. Management is required to perform a two-step analysis over the Company's ability to continue as a going concern. Management must first evaluate whether there are conditions and events that raise substantial doubt about the Company's ability to continue as a going concern (Step 1). If management concludes that substantial doubt is raised, management is also required to consider whether its plans alleviate that doubt (Step 2).

Management believes that it has sufficient working capital on hand to fund operations through at least the next twelve months from the date these financial statements were available to be issued. There can be no assurance that the Company will be successful in acquiring additional funding (if needed), that the Company's projections of its future working capital needs will prove accurate, or that any additional funding would be sufficient to continue operations in future years.

2. Summary of Significant Accounting Policies

During the three and nine months ended September 30, 2022, there have been no changes to the Company's significant accounting policies as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

Restricted Cash

Restricted cash is comprised of cash that is restricted as to its withdrawal or use under the terms of certain contractual agreements. Restricted cash as of September 30, 2022 and December 31, 2021 was $1.0 million and $0.2 million, respectively, which consisted of collateral letters of credit related to the Company's operating leases and which are considered a non-current asset on the balance sheet.

Commitments and Contingencies

The Company recognizes a liability with regard to loss contingencies when it believes it is probable a liability has been incurred, and the amount can be reasonably estimated. If some amount within a range of loss appears at the time to be a better estimate than any other amount within the range, the Company accrues that amount. When no amount within the range is a better estimate than any other amount the Company accrues the minimum amount in the range. The Company has not recorded any such liabilities as of September 30, 2022 and December 31, 2021.

Related Parties

Transactions between related parties are considered to be related party transactions even though they may not be given accounting recognition. FASB ASC 850, Related Party Disclosures (FASB ASC 850) requires that transactions with related parties that would make a difference in decision making shall be disclosed so that users of the financial statements can evaluate their significance. Related party transactions typically occur within the context of the following relationships:

- Affiliates of the entity;
- Entities for which investments in their equity securities is typically accounted for under the equity method by the investing entity;
- Trusts for the benefit of employees;
- Principal owners of the entity and members of their immediate families;
- Management of the entity and members of their immediate families; or
- Other parties that can significantly influence the management or operating policies of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The Company previously entered into a consulting agreement with van den Boom & Associates, LLC (van den Boom & Associates), a professional services firm contracted to provide resources to assist with day-to-day accounting functions. Services provided under the agreement with van den Boom & Associates are billed at hourly rates. On April 16, 2021, Ms. van den Boom, the managing partner of van den Boom & Associates, entered into an employment agreement with the Company whereby she became its Chief Financial Officer. Van den Boom & Associates is considered a related party under FASB ASC 850 from the point in which Ms. van den Boom became a Company officer. For the three and nine months ended September 30, 2022, van den Boom & Associates rendered contracted services totaling approximately $0.2 million and $0.6 million, respectively.

Recently Issued Accounting Pronouncements

There were no other significant updates not already disclosed in the Company's audited financial statements for the years ended December 31, 2021 and 2020 to the recently issued accounting standards for the three and nine months ended September 30, 2022. Although there were several other new accounting pronouncements issued or proposed by the FASB, the Company does not believe any of those accounting pronouncements have had or will have a material impact on its financial position or operating results.

3. Fair Value Measurements

The accounting guidance defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the accounting guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2—Quoted prices for similar assets and liabilities in active markets, quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3—Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e. supported by little or no market activity).

The carrying amounts of the Company's financial instruments, including cash and cash equivalents, prepaid and other current assets, restricted cash, accounts payable, and accrued and other current liabilities, approximate fair value due to their short maturities. Included in cash and cash equivalents at September 30, 2022 and December 31, 2021 are money market funds with a carrying value and fair value of $252.7 million and $291.7 million, respectively, based upon a Level 1 fair value assessment.

Assets measured at fair value on a recurring basis are as follows (in thousands):

		Fair Value Measurements Using		
	As of September 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money Market Funds	$ 252,700	$ 252,700	$ —	$ —

None of the Company's non-financial assets or liabilities are recorded at fair value on a non-recurring basis. No transfers between levels have occurred during the periods presented.

4. Property and Equipment

Property and equipment consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Equipment	$ 1,110	$ 870
Computers and software	181	109
Leasehold improvements	156	141
Furniture and fixtures	78	76
	1,525	1,196
Less: accumulated depreciation	(379)	(169)
Total property and equipment, net	$ 1,146	$ 1,027

Depreciation expense for the three and nine months ended September 30, 2022 was $82,000 and $214,000, respectively. Depreciation expense for the three and nine months ended September 30, 2021 was $41,000 and $90,000, respectively.

5. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following (in thousands):

	September 30, 2022	December 31, 2021
Accrued payroll and other employee benefits	$ 1,150	$ 1,278
Accrued research and development	1,100	1,257
Accrued legal and professional fees	121	61
Accrued other general and administrative fees	244	219
Total accrued and other current liabilities	$ 2,615	$ 2,815

6. Stockholders' Equity

Convertible Preferred Stock

In January 2020 and February 2021, the Company issued, at each date, 2,848,486 shares of Series A convertible preferred stock at a price of $8.25 per share resulting in gross proceeds of $23.5 million, at each date, and incurred issuance costs of $0.2 million and $5,000, respectively.

In March 2021, the Company issued 3,874,793 shares of Series B convertible preferred stock, at a price of $27.4337 per share, resulting in net proceeds of $106.1 million excluding issuance costs of $0.2 million.

In September 2021, upon completion of the IPO, all of the Company’s shares of convertible preferred stock converted into 26,228,089 shares of common stock.

Common Stock

Common stock reserved for future issuance consisted of the following:

	September 30, 2022	December 31, 2021
Common stock options granted and outstanding	5,948,170	3,771,516
Shares available for future issuance under the 2021 Incentive Award Plan	4,283,673	4,384,274
Shares available for future issuance under the 2021 Employee Stock Purchase Plan	759,442	380,000
Total common stock reserved for future issuance	10,991,285	8,535,790

Restricted Stock

Since inception, the Company has issued 2,820,560 shares of restricted common stock at a price of $0.0001 per share to certain founders of the Company (Founders Stock). The Company maintains a repurchase right whereby the shares of Founders Stock are released from such repurchase right over a period of time of continued service by the recipient. Any shares subject to repurchase by the Company are not deemed to be outstanding for accounting purposes until those shares vest. Unvested outstanding Founders Stock as of September 30, 2022 and December 31, 2021 were 127,760 and 495,170 shares, respectively. The amount recorded as liabilities associated with shares issued with repurchase rights were immaterial as of September 30, 2022 and December 31, 2021.

For the nine months ended September 30, 2022 and 2021, 367,410 and 365,445 shares vested in each period and the Company recognized $0.2 million of stock-based compensation expense for each period related to the awards, respectively. As of September 30, 2022, the total unrecognized compensation expense related to unvested Founders Stock was $0.1 million and is expected to be recognized over a weighted-average period of approximately 0.3 years.

7. Equity Incentive Plans and Stock-Based Compensation

Equity Incentive Plans

In September 2021, the Company's Board of Directors adopted, and its stockholders approved, the 2021 Incentive Award Plan (the 2021 Plan). Upon the adoption of the 2021 Plan, the Company restricted the grant of future equity awards under the 2020 Equity Incentive Plan (the 2020 Plan).

The 2021 Plan provides for the grants of stock options and other equity-based awards to employees, non-employee directors, and consultants of the Company. A total of 5,570,000 shares of the Company's common stock were initially reserved for issuance pursuant to the 2021 Plan. The number of shares reserved under the 2021 Plan also included 1,032,150 shares of the Company's common stock that remained available for issuance under the 2020 Plan as of immediately prior to the effectiveness of the 2021 Plan. The 2021 Plan share reserve will be increased by the number of shares under the 2020 Plan that are repurchased, forfeited, expired or cancelled after the effective date of the 2021 Plan. In addition, the number of shares of the Company's common stock available for issuance under the 2021 Plan will automatically increase on the first day of each fiscal year, beginning with the Company's 2022 fiscal year, in an amount equal to the lesser of (1) 5% of the outstanding shares of the Company's common stock on the last day of the immediately preceding fiscal year, or (2) such smaller amount as determined by the Company's Board of Directors.

The options granted under the 2020 Plan and the 2021 Plan are exercisable at various dates as determined upon grant and will expire no more than ten years from their date of grant. The exercise price of each option shall be determined by the Company's Board of Directors based on the fair market value of the Company's stock on the date of the option grant. The exercise price shall not be less than 100% of the fair market value of the Company's common stock at the time the option is granted. The vesting period generally occurs over four years, either ratably, or with a one year cliff followed by ratable vesting over the remaining 36 months, unless there is a specific performance vesting trigger at which time those shares will vest when the performance trigger is probable to occur. Certain grants contain performance vesting conditions in addition to defined service periods.

A summary of the Company's stock option activity for the period ended September 30, 2022 is as follows:

	Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2021	3,771,516	$ 9.18	9.3	$ 28,901
Granted	2,630,877	$ 7.67		
Exercised	(50,756)	$ 4.98		
Expired	(121,262)	$ 16.64		
Forfeited	(282,205)	$ 16.18		
Outstanding at September 30, 2022	5,948,170	$ 7.95	9.1	$ 18,806
Exercisable at September 30, 2022	1,262,635	$ 6.56	8.4	$ 6,475
Vested and expected to vest as of September 30, 2022	5,948,170	$ 7.95	9.1	$ 18,806

During the nine months ended September 30, 2022, 96,431 performance-based stock options vested upon the achievement of the performance condition. The Company recorded $1.2 million of compensation expense relating to the vested performance-based stock options for the nine months ended September 30, 2022.

During the nine months ended September 30, 2022, an aggregate of 94,731 performance-based stock options were forfeited as the related performance conditions were not achieved. The Company reversed previously recognized $1.0 million of expense related to the cancelled options.

As of September 30, 2022, 3,493 performance-based stock options were both outstanding and unvested. The performance conditions related to these options were satisfied in 2020, and the options will continue to vest over the remaining service period of 16 months. Total unrecognized stock-based compensation expense on outstanding performance based options was $13,000 as of September 30, 2022.

Stock-Based Compensation Expense

The Company estimated the fair value of stock options using the Black-Scholes valuation model. The Company accounts for forfeitures of options when they occur. Previously recognized compensation expense for an award is reversed in the period that the award is forfeited. The fair value of stock options was estimated using the following assumptions:

	Nine Months Ended September 30,	
	2022	2021
Stock Options:		
Stock price	$5.38 - 12.31	$0.99 - 16.00
Risk-free rate of interest	1.6 - 3.6%	0.8 - 1.1%
Expected term (years)	5.1 - 6.1	5.0 - 6.1
Expected stock price volatility	82.3 - 90.4%	98.9 - 99.9%
Dividend yield	—	—

Stock-based compensation expense recognized for all equity awards, including Founder's Stock, has been reported in the statements of operations and comprehensive loss as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Research and development expense	$ 651	$ 210	$ 3,732	$ 442
General and administrative expense	368	298	3,947	577
Total	$ 1,019	$ 508	$ 7,679	$ 1,019

The weighted-average grant date fair value of employee option grants for the nine months ended September 30, 2022 and 2021 was $5.59 and $2.70 per share, respectively.

For the three and nine months ended September 30, 2022, forfeitures resulted in the reversal of compensation expense in each case totaling $1.1 million, of which $1.0 million related to the non-achievement of underlying performance conditions for certain performance-based stock option grants. Forfeitures resulting in the reversal of compensation expense were immaterial for the three and nine months ended September 30, 2021.

As of September 30, 2022, the unrecognized compensation cost related to outstanding employee and nonemployee options was $28.1 million, and is expected to be recognized as expense over a weighted-average period of approximately 2.9 years.

Employee Stock Purchase Plan

In September 2021, the Company’s Board of Directors approved and adopted the 2021 Employee Stock Purchase Plan (ESPP). The ESPP became effective on the business day immediately prior to the effective date of the Company’s first registration statement. A total of 380,000 shares of the Company’s common stock were initially reserved for issuance pursuant to the ESPP. In addition, the number of shares of the Company’s common stock available for issuance under the ESPP will automatically increase on the first day of each fiscal year, beginning with the Company’s 2022 fiscal year, in an amount equal to the lesser of (1) 1% of the outstanding shares of the Company’s common stock on the last day of the immediately preceding fiscal year, or (2) such smaller amount as determined by the Company’s Board of Directors. The ESPP permits eligible employees who elect to participate in an offering under the ESPP to have up to 15% of their eligible earnings withheld, subject to certain limitations, to purchase shares of common stock pursuant to the ESPP. The price of common stock purchased under the ESPP is equal to 85% of the lower of the fair market value of the common stock at the commencement date of each offering period or the relevant date of purchase. Each offering period is six months, with new offering periods commencing every six months on or about the dates of March 15 and September 15 of each year. During the nine months ended September 30, 2022, the Company issued 45,919 shares of common stock in connection with the ESPP.

Liability for Early Exercise of Stock Options

Certain individuals were granted the ability to early exercise their stock options prior to the IPO. The shares of common stock issued from the early exercise of unvested stock options are restricted and continue to vest in accordance with the original vesting schedule. The Company has the option to repurchase any unvested shares at the original purchase price upon any voluntary or involuntary termination. The shares purchased by the employees and non-employees pursuant to the early exercise of stock options are not deemed, for accounting purposes, to be outstanding until those shares vest. The cash received in exchange for exercised and unvested shares related to stock options granted is recorded as a liability for the early exercise of stock options on the accompanying balance sheets and will be transferred into common stock and additional paid-in capital as the shares vest. As of September 30, 2022 and December 31, 2021, 368,127 and 599,878 unvested shares issued under early exercise provisions were subject to repurchase by the Company, respectively. As of September 30, 2022 and December 31, 2021, the Company recorded $0.2 million and $0.4 million, respectively, associated with early exercised stock options in other long-term liabilities.

8. Net Loss Per Share

The following table sets forth the computation of the basic and diluted net loss per share (in thousands, except share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Numerator:				
Net loss	$ (12,509)	$ (6,643)	$ (42,430)	$ (16,364)
Denominator:				
Weighted average common shares outstanding	42,646,810	10,621,868	42,614,902	5,984,285
Less: weighted average unvested founder shares of common stock	(209,421)	(673,607)	(330,928)	(785,036)
Less: weighted average unvested common stock issued upon early exercise of common stock options	(440,194)	(784,258)	(506,922)	(694,252)
Weighted average shares used to compute net loss per common share, basic and diluted	41,997,195	9,164,003	41,777,052	4,504,997
Net loss per share, basic and diluted	$ (0.30)	$ (0.72)	$ (1.02)	$ (3.63)

The following table sets forth the outstanding potentially dilutive securities that have been excluded from the calculation of diluted net loss per share because their inclusion would be anti-dilutive.

	As of September 30,	
	2022	2021
Unvested restricted common stock subject to repurchase	127,760	619,069
Unvested common stock upon early exercise of stock options	368,127	749,476
Options to purchase common stock	5,948,170	2,586,313
	6,444,057	3,954,858

9. Leases

The Company has leases for its office and laboratory space, including its corporate headquarters, with terms that expire in 2033. The Company has two options to extend the term of the operating lease for a period of three years each. However, as the Company was not reasonably certain to exercise either of those options at lease commencement, neither option was recognized as part of the associated operating lease Right-of-use (ROU) asset or liability.

In March 2022, the Company entered into an agreement (the Expansion Lease), for an additional office and laboratory space. The Expansion Lease is expected to commence in the second half of 2023 and projected lease payments over the life of the lease are expected to be $5.5 million with a lease expiration of 120 months after the commencement of the Expansion Lease. The Company has an option to renew the Expansion Lease and its existing operating lease, which has the same lessor and has been amended to have the same lease term as the Expansion Lease for two additional thirty-six month periods.

In connection with the Company's operating leases, the Company paid a security deposit of $71,000 and is required to maintain a letter of credit of $1.0 million until 2027 at which time it can be reduced to $0.5 million throughout the end of the lease term.

The Company's operating lease cost was $0.1 million and $0.1 million for the three months ended September 30, 2022 and 2021, respectively, and $0.2 million and $0.3 million for the nine months ended September 30, 2022 and 2021, respectively. Cash paid for amounts included in the measurement of lease liabilities was $0.1 million and $0.1 million for the three months ended September 30, 2022 and 2021, respectively, and $0.2 million and $0.2 million for the nine months ended September 30, 2022 and 2021, respectively.

Maturities of lease liabilities, weighted-average remaining term and weighted-average discount rate were as follows (in thousands):

	As of September 30,
Year ending December 31,	
2022 (remaining 3 months)	$ 73
2023	299
2024	309
2025	317
2026	327
Thereafter	2,378
Total minimum lease payments	3,703
Less: amount representing interest	(1,062)
Present value of lease liabilities	2,641
Less: current portion of lease liabilities	(127)
Lease liabilities, noncurrent	$ 2,514

	September 30, 2022	December 31, 2021
Weighted-average remaining lease term (years) - operating leases	10.8	4.6
Weighted-average incremental borrowing rate - operating leases	6.50%	7.50%

10. Subsequent Events

On October 3, 2022, the Company entered into an ATM Sales Agreement (the Sales Agreement) with Virtu Americas LLC (the Agent), under which the Company may, from time to time, sell shares of its common stock having an aggregate offering price of up to $150.0 million in “at the market” offerings through the Agent. Sales of the shares of common stock, if any, will be made at prevailing market prices at the time of sale, or as otherwise agreed with the Agent. The Agent will receive a commission from the Company of up to 3.0% of the gross proceeds of any shares of common stock sold under the Sales Agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis and the unaudited interim financial statements included in this Quarterly Report on Form 10-Q should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2021 and the related Management's Discussion and Analysis of Financial Condition and Results of Operations, both of which are contained in the Annual Report on Form 10-K for the year ended December 31, 2021 (the 2021 Annual Report).

Forward-Looking Statements

This Quarterly Report on Form 10-Q (Quarterly Report) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations and financial position, business strategy, research and development plans, the anticipated timing, costs, design and conduct of our ongoing and planned preclinical studies and planned clinical trials for our product candidates, the timing and likelihood of regulatory filings and approvals for our product candidates, our ability to commercialize our product candidates, if approved, the impact on our business from the COVID-19 pandemic, geopolitical instability, inflation, rising interest rates or other factors and from resulting adverse effects on financial markets, the global economy, and the supply chain, plans and objectives of management for future operations and future results of anticipated product development efforts, are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "contemplate," "continue" "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target" "will" or "would" or the negative of these terms or other similar expressions. The forward-looking statements in this Quarterly Report are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this Quarterly Report and are subject to a number of risks, uncertainties and assumptions, including, without limitation, the risk factors described in Part II, Item 1A, "Risk Factors" of this Quarterly Report. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise. All forward-looking statements are qualified in their entirety by this cautionary statement, which is made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

Overview

We are a precision oncology company focused on developing purpose-built therapies to overcome tumor resistance and improve outcomes for patients with cancer. We are using our proprietary SNÅP platform, which is optimized to enable rapid and precise refinement of structural design through iterative molecular SNÅPshots, in order to generate next-generation product candidates that are specifically designed to address acquired drug resistance and provide alternative treatment options. We are initially focused on developing a pipeline of selective inhibitors of the Fibroblast Growth Factor Receptor (FGFR) family members, which are altered in approximately 7% of all cancers. We are advancing multiple product candidates toward the clinic including our lead product candidate TYRA-300, an FGFR3 inhibitor with an initial focus on patients with metastatic urothelial carcinoma of the bladder and urinary tract. Our second product candidate, TYRA-200 is an FGFR1/2/3 inhibitor with potency against FGFR2 fusions, molecular brake mutations and gatekeeper resistance that TYRA is developing initially in intrahepatic cholangiocarcinoma. We submitted an Investigational New Drug application (IND) with the U.S. Food and Drug Administration (FDA) for TYRA-300 in June 2022 and received clearance in July 2022 to proceed with our Phase 1/2 clinical trial of TYRA-300 (SURF301), a two-part study designed to determine the optimal and maximum tolerated doses (MTD) and the recommended Phase 2 dose (RP2D) of TYRA-300, as well as to evaluate the preliminary antitumor activity of TYRA-300. We anticipate submitting an IND with the FDA for TYRA-200 in the fourth quarter of 2022. In addition, we have pipeline development programs targeting FGFR3-related achondroplasia and other FGFR3-related skeletal dysplasias, FGFR4 driven cancers, and RET (REarranged during Transfection kinase) driven cancers.

Since the commencement of our operations in 2018, we have devoted substantially all of our resources to organizing and staffing the company, business planning, raising capital, developing our proprietary SNÅP platform, undertaking research and development activities for our development programs, establishing our intellectual property portfolio, and providing general and administrative support for our operations. We have not generated any revenue to date and have funded our operations primarily from our initial public offering (IPO), private placements of our convertible preferred stock, and the issuance of Simple Agreements for Future Equity. Our net losses for the nine months ended September 30, 2022 and 2021 were $42.4 million and $16.4 million, respectively. As of September 30, 2022, we had an accumulated deficit of $82.8 million. As of September 30, 2022, we had cash and cash equivalents of $263.2 million.

We have incurred significant operating losses since inception. Our net losses may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our clinical development activities, other research and development activities and capital expenditures. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future particularly if and as we conduct preclinical studies and planned clinical trials, continue our research and development activities, utilize third parties to manufacture our product candidates and related raw materials, hire additional personnel, expand and protect our intellectual property, and incur additional costs associated with being a public company.

Based on our current operating plan, we believe that our existing cash and cash equivalents will be sufficient to fund our operating expenses and capital expenditures through at least 2024. We have never generated any revenue and do not expect to generate any revenues from product sales unless and until we successfully complete development of and obtain regulatory approval for our product candidates, which will not be for several years, if ever. In addition, if we obtain regulatory approval for any of our product candidates, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Accordingly, until such time as we can generate significant revenue from sales of our product candidates, if ever, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements. However, we may not be able to raise additional funds or enter into such other arrangements when needed or on favorable terms, or at all. If we are unable to raise additional capital or enter into such arrangements when needed, we could be forced to delay, limit, reduce or terminate our research and development programs or future commercialization efforts, or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates ourselves.

The global COVID-19 pandemic continues to evolve, and we will continue to monitor the COVID-19 situation closely. The extent of the impact of the COVID-19 pandemic on our business, operations and development timelines and plans remains uncertain, and will depend on certain developments, including the duration and spread of the pandemic and its impact on our development activities, contract research organizations (CROs), third-party manufacturers and other third parties with whom we do business, as well as its impact on regulatory authorities and our key scientific and management personnel.

Components of Results of Operations

Operating Expenses

Research and Development Expenses

To date, our research and development expenses consist primarily of external and internal costs related to the development of our SNÅP platform and our product candidates and development programs. Our research and development expenses primarily include:

- external costs, including:
    - expenses incurred in connection with conducting clinical trials, including investigator grants and site payments for time and pass-through expenses and expenses incurred under agreements with CROs, central laboratories and other vendors and service providers engaged to conduct our trials;
    - expenses incurred in connection with the discovery and preclinical development of our product candidates, including under agreements with third parties, such as consultants and CROs;
    - costs associated with consultants for chemistry, manufacturing and controls, or CMC development, and other services; and
    - the cost of manufacturing compounds for use in our preclinical studies, including under agreements with third parties, such as consultants and third-party manufacturers; and

- internal costs, including:
    - employee-related expenses, including salaries, related benefits, travel and share-based compensation expenses for employees engaged in research and development functions;
    - the costs of laboratory supplies and acquiring, developing and manufacturing preclinical study materials; and
    - facilities, depreciation and other expenses, which include allocated expenses for rent and maintenance of facilities, and supplies.

We expense research and development expenses in the periods in which they are incurred. External expenses are recognized based on an evaluation of the progress to completion of specific tasks using information provided to us by our service providers or our estimate of the level of service that has been performed at each reporting date. We track external expenses on a development program and other program specific basis. However, we do not track internal costs on a program specific basis because these costs primarily relate to compensation, early research and consumable costs, which are deployed across multiple programs under development.

Research and development activities are central to our business model. There are numerous factors associated with the successful development of any of our product candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time based on our stage of development. In addition, future regulatory factors beyond our control may impact our clinical development programs. Product candidates in later stages of development generally have higher development costs than those in earlier stages of development. As a result, we expect that our research and development expenses will increase substantially over the next several years as we advance our product candidates through preclinical studies into and through clinical trials, continue to discover and develop additional product candidates and expand our pipeline, maintain, expand, protect and enforce our intellectual property portfolio, and hire additional personnel.

Our future research and development expenses may vary significantly based on a wide variety of factors such as:

- the number and scope, rate of progress, expense and results of our discovery and preclinical development activities and clinical trials;
- the number of trials required for approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the number of patients that participate in the trials;
- the number of doses that patients receive;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the phase of development of the product candidate;
- the efficacy and safety profile of the product candidate;
- the timing, receipt, and terms of any approvals from applicable regulatory authorities including the FDA and non-U.S. regulators;
- maintaining a continued acceptable safety profile of our product candidates following approval, if any;
- the cost and timing of manufacturing our product candidates;

- significant and changing government regulation and regulatory guidance;
- the impact of any business interruptions to our operations or to those of the third parties with whom we work, particularly in light of the COVID-19 pandemic environment;
- geopolitical instability, such as the military conflict in the Ukraine;
- adverse effects on the financial markets, the global economy, the supply chain and our expenses due to the COVID-19 pandemic, geopolitical instability, inflation, rising interest rates and other factors; and
- the extent to which we establish additional strategic collaborations or other arrangements.

A change in the outcome of any of these variables with respect to the development of any of our product candidates could significantly change the costs and timing associated with the development of that product candidate.

The process of conducting the necessary preclinical and clinical research to obtain regulatory approval is costly and time-consuming. The actual probability of success for our product candidates or any future candidates may be affected by a variety of factors. We may never succeed in achieving regulatory approval for any of our product candidates or any future candidates.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related expenses, including employee salaries, bonuses, benefits, and stock-based compensation charges, for personnel in executive and administrative functions. Other significant general and administrative expenses include legal fees relating to intellectual property and corporate matters, professional fees for accounting, tax and consulting services and insurance costs. We expect our general and administrative expenses will increase for the foreseeable future to support our increased research and development activities, manufacturing activities, and the increased costs associated with operating as a public company. These increased costs will likely include increased expenses related to hiring of additional personnel, audit, legal, regulatory and tax-related services associated with maintaining compliance with exchange listing and SEC, requirements, director and officer insurance costs, and investor and public relations costs.

Results of Operations

Comparison of the Three Months Ended September 30, 2022 and 2021

The following table summarizes our results of operations for the periods indicated (in thousands):

	Three Months Ended September 30,		
	2022	2021	Change
Operating expenses:			
Research and development	$ 10,915	$ 5,484	$ 5,431
General and administrative	2,730	1,154	1,576
Total operating expenses	13,645	6,638	7,007
Loss from operations	(13,645)	(6,638)	(7,007)
Other income (expense):			
Interest income	1,131	2	1,129
Other income (expense)	5	(7)	12
Total other income (expense)	1,136	(5)	1,141
Net loss and comprehensive loss	$ (12,509)	$ (6,643)	$ (5,866)

Research and Development Expenses

Research and development expenses were $10.9 million and $5.5 million for the three months ended September 30, 2022 and 2021, respectively. The increase of $5.4 million was primarily due to additional spend to support the advancement of TYRA-300, TYRA-200 and our SNÅP platform, including $1.3 million of higher personnel-related costs, which included $0.4 million of non-cash stock-based compensation costs.

The following table summarizes our research and development expenses by development program for the three months ended September 30, 2022 and 2021 (in thousands):

	Three Months Ended September 30,	
	2022	2021
External research and development expense by program		
TYRA-300	$ 2,844	$ 1,786
TYRA-200	1,770	601
FGFR3 ACH	816	95
RET	966	984
FGFR4	463	558
Other development programs	831	16
Unallocated research and development expense		
Other research and development	923	411
Personnel-related expenses	1,651	823
Stock-based compensation	651	210
Total research and development expense	$ 10,915	$ 5,484

General and Administrative Expenses

General and administrative expenses were $2.7 million and $1.2 million for the three months ended September 30, 2022 and 2021, respectively. The increase of $1.5 million was primarily due to increases of $0.5 million in personnel-related expenses, including $0.1 million in non-cash stock-based compensation costs, $0.6 million in other operating expenses and $0.4 million in professional services related to legal, accounting, and other consulting fees.

Comparison of the Nine Months Ended September 30, 2022 and 2021

The following table summarizes our results of operations for the periods indicated (in thousands):

	Nine Months Ended September 30,		
	2022	2021	Change
Operating expenses:			
Research and development	$ 32,608	$ 13,386	$ 19,222
General and administrative	11,301	2,970	8,331
Total operating expenses	43,909	16,356	27,553
Loss from operations	(43,909)	(16,356)	(27,553)
Other income (expense):			
Interest income	1,496	8	1,488
Other income (expense)	(17)	(16)	(1)
Total other income (expense)	1,479	(8)	1,487
Net loss and comprehensive loss	$ (42,430)	$ (16,364)	$ (26,066)

Research and Development Expenses

Research and development expenses were $32.6 million and $13.4 million for the nine months ended September 30, 2022 and 2021, respectively. The increase of $19.2 million was primarily due to additional spend to support the advancement of TYRA-300, TYRA-200 and our SNÅP platform, including $5.9 million of higher personnel-related costs, which included $3.3 million of non-cash stock-based compensation costs.

The following table summarizes our research and development expenses by development program for the nine months ended September 30, 2022 and 2021 (in thousands):

	Nine Months Ended September 30,	
	2022	2021
External research and development expense by program		
TYRA-300	$ 8,195	$ 4,604
TYRA-200	4,634	1,991
FGFR3 ACH	2,208	95
RET	3,555	1,801
FGFR4	1,547	914
Other development programs	1,302	23
Unallocated research and development expense		
Other research and development	2,218	931
Personnel-related expenses	5,217	2,585
Stock-based compensation	3,732	442
Total research and development expense	$ 32,608	$ 13,386

General and Administrative Expenses

General and administrative expenses were $11.3 million and $3.0 million for the nine months ended September 30, 2022 and 2021, respectively. The increase of $8.3 million was primarily due to increases of $5.0 million in personnel-related expenses, including $0.7 million in non-cash stock-based compensation costs, $1.4 million in professional services related to legal, accounting, and other consulting fees and $1.9 million in other operating expenses.

Liquidity and Capital Resources

Sources of Liquidity

On September 17, 2021, we completed our IPO and issued 12,420,000 shares of common stock for net proceeds of approximately $181.2 million. Prior to our initial public offering, we funded our operations primarily through private placements of our convertible preferred stock with aggregate gross proceeds of $157.2 million.

Our primary uses of cash to date have been to fund our research and development activities, including with respect to TYRA-300 and TYRA-200 and other research programs, business planning, establishing and maintaining our intellectual property portfolio, hiring personnel, raising capital, and providing general and administrative support for these operations.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated (in thousands):

	Nine Months Ended September 30,	
	2022	2021
Net cash used in operating activities	$ (38,305)	$ (14,717)
Net cash used in investing activities	(538)	(540)
Net cash provided by financing activities	629	312,856
Net cash (decrease) increase for the period	$ (38,214)	$ 297,599

Operating Activities

Net cash used in operating activities for the nine months ended September 30, 2022 was $38.3 million, consisting primarily of our net loss of $42.4 million and net changes in operating assets and liabilities of $3.8 million, adjusted for $7.9 million of non-cash charges related to stock-based compensation expense and depreciation and amortization.

Net cash used in operating activities for the nine months ended September 30, 2021 was $14.7 million, consisting primarily of our net loss of $16.4 million, adjusted for $1.1 million of non-cash charges and $0.6 million for net changes in operating assets and liabilities. Non-cash charges consisted primarily of stock-based compensation expense and depreciation and amortization.

Investing Activities

Net cash used in investing activities for the nine months ended September 30, 2022 and 2021 was $0.5 million and $0.5 million, respectively, consisting of purchases of property and equipment.

Financing Activities

Net cash provided by financing activities was $0.6 million for the nine months ended September 30, 2022, due to proceeds received from the issuance of common stock under benefit plans.

Net cash provided by financing activities was $312.9 million for the nine months ended September 30, 2021, primarily due to net proceeds of $182.7 million from our IPO, in addition to net proceeds of $23.5 million from the second closing of our Series A convertible preferred stock, $106.1 million in net proceeds from the issuance of our Series B convertible preferred stock, and $0.6 million from the issuance of common stock under benefit plans.

Future Funding Requirements

Based on our current operating plan, we believe that our existing cash and cash equivalents will be sufficient to meet our anticipated operating expenses and capital expenditures through at least 2024. However, our forecast of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement that involves risks and uncertainties, and actual results could vary materially. We have based this estimate on assumptions that may prove to be wrong, and we could deplete our capital resources sooner than we expect. Additionally, the process of conducting preclinical studies and testing product candidates in clinical trials is costly, and the timing of progress and expenses in these studies and trials is uncertain.

Our future capital requirements will depend on many factors, including:

- the initiation, type, number, scope, results, costs and timing of, our ongoing and planned preclinical studies and clinical trials of existing product candidates or clinical trials of other potential product candidates we may choose to pursue in the future, including based on feedback received from regulatory authorities;
- the costs and timing of manufacturing for current or future product candidates, including commercial scale manufacturing if any product candidate is approved;
- the costs, timing and outcome of regulatory review of current or future product candidates;
- the costs of obtaining, maintaining and enforcing our patents and other intellectual property rights;
- our efforts to enhance operational systems and hire additional personnel to satisfy our obligations as a public company, including enhanced internal controls over financial reporting;
- the costs associated with hiring additional personnel and consultants as our business grows, including additional executive officers and clinical development personnel;
- the costs and timing of establishing or securing sales and marketing capabilities if any current or future product candidate is approved;
- our ability to achieve sufficient market acceptance, coverage and adequate reimbursement from third-party payors and adequate market share and revenue for any approved products;

- costs associated with any products or technologies that we may in-license or acquire; and

- delays or issues with any of the above, including the risk of each of which may be exacerbated by the ongoing COVID-19 pandemic, potential geopolitical instability, inflation or rising interest rates.

Until such time, if ever, as we can generate substantial product revenues to support our cost structure, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders could be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through collaborations, or other similar arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us and/or may reduce the value of our common stock. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market our product candidates even if we would otherwise prefer to develop and market such product candidates ourselves.

On October 3, 2022, we entered into an ATM Sales Agreement (the Sales Agreement) with Virtu Americas LLC (the Agent), under which we may, from time to time, sell shares of our common stock having an aggregate offering price of up to $150.0 million in “at the market” offerings through the Agent. Sales of the shares of common stock, if any, will be made at prevailing market prices at the time of sale, or as otherwise agreed with the Agent. The Agent will receive a commission from us of up to 3.0% of the gross proceeds of any shares of common stock sold under the Sales Agreement.

We are not obligated to sell, and the Agent is not obligated to buy or sell, any shares of common stock under the Sales Agreement. No assurance can be given that we will sell any shares of common stock under the Sales Agreement, or, if we do, as to the price or amount of shares of common stock that we may sell or the dates when such sales will take place.

Contractual Obligations and Commitments

Other than disclosed below, there were no material changes outside the ordinary course of our business during the nine months ended September 30, 2022 to the information regarding our contractual obligations that was disclosed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the 2021 Annual Report.

In March 2022, we entered into the Expansion Lease for additional office and laboratory space. The Expansion Lease is expected to commence in the second half of 2023 and projected lease payments over the life of the lease are expected to be $5.5 million with a lease expiration of 120 months after the commencement of the Expansion Lease. These obligations are further described in Note 10 to our audited financial statements and Note 9 to our unaudited interim financial statements.

The following table summarizes our contractual obligations and commitments as of September 30, 2022, including the executed but not yet commenced, Expansion Lease (in thousands):

	Payments Due by Period				
	Total	Remainder of 2022	2023-2024	2025-2026	Thereafter
Operating lease obligations	$ 9,133	$ 73	$ 1,326	$ 1,649	$ 6,085

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates during the three and nine months ended September 30, 2022, as compared to the critical accounting policies and estimates disclosed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the 2021 Annual Report.

Recently Adopted Accounting Pronouncements

See Note 2 to our financial statements included elsewhere in this Quarterly Report on Form 10-Q for recently issued accounting pronouncements that may potentially impact our financial position and results of operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of September 30, 2022, there have been no material changes surrounding our market risk, including interest rate risk, foreign currency exchange risk, and inflation risk, from the discussion provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures about Market Risk" in the 2021 Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation and supervision of our Chief Executive Officer and our Chief Financial Officer, have evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

Due to a transition period established by SEC rules applicable to newly public companies, our management is not required to evaluate the effectiveness of our internal control over financial reporting until the filing of our Annual Report on Form 10-K for the year ending December 31, 2022. As a result, this Quarterly Report on Form 10-Q does not address whether there have been any changes in our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

We are not currently subject to any material legal proceedings. From time to time, we may be involved in legal proceedings or subject to claims incident to the ordinary course of business. Regardless of the outcome, such proceedings or claims can have an adverse impact on us because of defense and settlement costs, diversion of resources and other factors, and there can be no assurances that favorable outcomes will be obtained.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A of our 2021 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Use of Proceeds from Initial Public Offering

On September 14, 2021, our registration statement on Form S-1 (File No. 333-258970) was declared effective by the SEC for our IPO. At the closing of the offering on September 17, 2021, we sold 12,420,000 shares of common stock, which included the exercise in full by the underwriters of their option to purchase 1,620,000 additional shares, at an initial public offering price of $16.00 per share and received gross proceeds of $198.7 million, which resulted in net proceeds to us of approximately $181.2 million, after deducting underwriting discounts and commissions of approximately $13.9 million and offering-related transaction costs of approximately $3.6 million. None of the expenses associated with the IPO were paid to directors, officers, persons owning 10% or more of any class of equity securities, or to their associates, or to our affiliates. BofA Securities, Inc., Jefferies LLC, and Cowen and Company, LLC acted as joint book-running managers for the offering.

As of September 30, 2022, we estimate that we have used approximately $49.5 million of the proceeds from our IPO for general corporate purposes, including to fund the development of TYRA-300 and our other development programs. There has been no material change in the planned use of such proceeds from that described in our final prospectus filed with the SEC pursuant to Rule 424(b)(4) under the Securities Act on September 15, 2021.

Issuer Repurchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
3.1	Amended and Restated Certificate of Incorporation	8-K	9/17/21	3.1	
3.2	Amended and Restated Bylaws	8-K	9/17/21	3.2	
4.1	Specimen stock certificate evidencing the shares of common stock	S-1	8/20/21	4.1	
4.2	Amended and Restated Investors' Rights Agreement, dated March 5, 2021, by and among the Registrant and certain of its stockholders	S-1/A	9/9/21	4.2	
10.1	ATM Sales Agreement, dated October 3, 2022, by and between the Registrant and Virtu Americas LLC	8-K	10/3/22	1.1	
31.1	Certification of Chief Executive Officer, as required by Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification of Chief Financial Officer, as required by Rule 13a-14(a) or Rule 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	Inline XBRL Instance Document				X
101.SCH	Inline XBRL Taxonomy Extension Schema Document				X
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document				X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				X
101.LAB	Inline XBRL Taxonomy Label Linkbase Document				X
101.PRE	Inline XBRL Presentation Linkbase Document				X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)				X

* This certification is deemed not filed for purpose of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TYRA BIOSCIENCES, INC.

Date: November 3, 2022

By: /s/ Todd Harris, Ph.D.

Todd Harris, Ph.D.
President, Chief Executive Officer, and Director
(Principal Executive Officer)

Date: November 3, 2022

By: /s/ Esther van den Boom

Esther van den Boom
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Todd Harris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tyra Biosciences, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2022

By: /s/ Todd Harris, Ph.D.
Todd Harris, Ph.D.
President, Chief Executive Officer, and Director

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Esther van den Boom, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Tyra Biosciences, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2022

By: /s/ Esther van den Boom
Esther van den Boom
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Tyra Biosciences, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 3, 2022

By: /s/ Todd Harris, Ph.D.
Todd Harris, Ph.D.
President, Chief Executive Officer, and Director

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Tyra Biosciences, Inc. (the "Company") on Form 10-Q for the period ending September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 3, 2022

By: /s/ Esther van den Boom
Esther van den Boom
Chief Financial Officer