PROSPECTUS

Lytix Biopharma AS

A Norwegian private limited liability company with registration number 985 889 635

Share issue of between 9,541,973 and 10,509,802 Offer Shares in Lytix Biopharma AS at an Offer Price of NOK 5.24 per share and with an Application Period from 10 April 2024 to 24 April 2024

This prospectus (the "**Prospectus**") has been prepared in connection with a contemplated partially guaranteed share issue by Lytix Biopharma AS ("**Lytix**" or the "**Company**") of between 9,541,973 and 10,509,802 new shares in the Company, each with a par value of NOK 0.10 (the "**Offer Shares**"), at a subscription price of NOK 5.24 per Offer Share (the "**Offer Price**") raising gross proceeds of approximately between NOK 50 million and NOK 55 million (the "**Offering**"). The Offering is directed towards (i) the Company's shareholders as of 11 April 2024 (the "**Record Date**") as registered in the Norwegian Central Securities Depository (the "**VPS**") two trading days thereafter (on 15 April 2024) who are not resident in a jurisdiction where such offer would be illegal or would (excluding Norway) require the issuance of a prospectus, registration or other similar action (the "**Shareholders**"), (ii) certain new investors who have, on certain terms, guaranteed to subscribe for shares in the Offering (the "**Guarantor Investors**") and (iii) selected potential investors at the Board of Directors sole discretion (the "**Potential Investors**").

The Shareholders, the Guarantor Investors and the Potential Investors will in the following be jointly referred to as the offer recipients (the "**Offer Recipients**"). The Potential Investors will only be allotted shares in the event that the Offering is not fully subscribed by the Shareholders, and the Guarantor Investors will only be allotted shares to the extent that the Shareholders and Potential Investors do not subscribe for Offer Shares for gross proceeds of minimum NOK 50 million (the "**Minimum Proceeds**"). The Company has received binding pre-commitments from certain Shareholders (the "**Pre-committing Shareholders**") to subscribe for Offer Shares in the total amount of NOK 40 million. Further, the Guarantor Investors have guaranteed to subscribe for Offer Shares in the total amount of up to NOK 10 million, to the extent necessary in order for the Company to obtain the Minimum Proceeds.

The application period for the Offer Shares commences on 10 April 2024 and expires on or about 24 April 2024 at 16:00 hours (CEST) (the "**Application Period**"), subject to any extensions. The Offer Shares will when issued be registered in the VPS in book-entry form and are expected to be delivered to the applicant's VPS account during the first half of May 2024. The Company's shares (the "**Shares**") are subject to trading on Euronext Growth, a multilateral trading facility (MTF), under the ticker code "LYTIX". It is expected that the Offer Shares will be admitted to trading on Euronext Growth in connection with being delivered to the applicants' VPS accounts. The Offer Shares will have equal rights and rank pari passu with the Company's existing Shares.

Investing in the Company's Shares, including the Offer Shares, involves a high degree of risk. See Section 4.10 "Risks related to the business and industry in which the Company operates" and Section 5.13 "Risk factors related to the Shares and the Offer Shares".

9 April 2024

*This Prospectus is a national prospectus (Norwegian: nasjonalt prospekt) and has been registered with the Norwegian Register of Business Enterprises in accordance with section 7-8 of the Norwegian Securities Trading Act for reasons of public verifiability, but neither the Financial Supervisory Authority of Norway (Norwegian: Finanstilsynet) (the "**Norwegian FSA**") nor any other public authority has carried out any form of review, control or approval of the Prospectus. This Prospectus does not constitute an EEA-prospectus, as defined in section 7-1 of the Norwegian Securities Trading Act.*

IMPORTANT INFORMATION

This prospectus dated 9 April 2024 (the "**Prospectus**") has been prepared by Lytix in connection with the Offering. The Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") Section 7-7 and related legislation and regulations. The Prospectus has been prepared solely in the English language. The Prospectus has not been approved by the Norwegian FSA or any other public authority, but has been registered with the Norwegian Register of Business Enterprises for reasons of public verifiability, pursuant to the Norwegian Securities Trading Act Section 7-8. The Prospectus is not subject to, and has not been prepared to comply with the "**EU Prospectus Regulation**" (Regulation 2017/1129 of the European Parliament and of the Council of 14 June 2017) and related legislation.

Prospective investors are expressly advised that an investment in the Offer Shares entails a high degree of risk and that they should therefore read this Prospectus in its entirety, including but not limited to Section 4.10 "Risks related to the business and industry in which the Company operates" and Section 5.13 "Risk factors related to the Shares and the Offer Shares", when considering an investment in the Offer Shares. The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each reader should consult his, her or its own legal advisor, independent financial advisor or tax advisor for legal, financial or tax advice.

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Company and the terms of the Offering, including the merits and risks involved. Neither the Company nor any of its representatives or advisors is making any representation to any subscriber of the Offer Shares regarding the legality of an investment in the Offer Shares by such subscriber under the laws applicable to such subscriber.

Prospective investors should assume that the information appearing in the Prospectus is accurate only as at the date on the front cover of the Prospectus, regardless of the time of delivery of the Prospectus or the Offer Shares. The business, financial condition, results of operations and prospects of the Company could have changed materially since that date. The Company expressly disclaims any duty to update this Prospectus except as required by applicable law. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs or that the information set forth in this Prospectus is correct as at any date subsequent to the date hereof.

All inquiries relating to this Prospectus must be directed to the Company. No other person is authorised to give information, or to make any representation, in connection with the Offering or this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or its advisors.

The Offer Shares are being offered only in those jurisdictions in which, and only to such persons to whom, offers and sales of the Offer Shares, may lawfully be made, and for jurisdictions other than Norway, would not require any filing, registration or similar action. No action has been, or will be, taken in any jurisdiction other than Norway by the Company that would permit an offering of the Offer Shares, or the possession or distribution of any documents relating thereto, or any amendment or supplement thereto, in any country or jurisdiction where specific action for such purpose is required. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or issue, or a solicitation of an offer to buy or apply for, any securities in any jurisdiction in any circumstances in which such offer or solicitation is not lawful or authorised. Persons into whose possession this Prospectus may come are required by the Company to inform themselves about and to observe such restrictions. The Company shall not be responsible or liable for any violation of such restrictions by prospective investors.

The securities described herein have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "U.S. Securities Act"), or with any securities authority of any state of the United States. Accordingly, the securities described herein may not be offered, pledged, sold, resold, granted, delivered, allotted, taken up, or otherwise transferred, as applicable, in the United States, except in transactions that are exempt from, or in transactions not subject to, registration under the U.S. Securities Act and in compliance with any applicable state securities laws.

For further information on the sale and transfer restrictions of the Offer Shares, see Section 5.4.5 "Selling and transfer restrictions".

The Prospectus and the Offering are subject to Norwegian Law. Any dispute arising in respect of or in connection with this Prospectus or the Offering is subject to the exclusive jurisdiction of the Norwegian courts with Oslo District Court as legal venue in the first instance.

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1 RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Offering.

The board of directors of the Company (the "**Board of Directors**") accepts responsibility for the information contained in this Prospectus. The Board of Directors confirms that, after having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Oslo, 9 April 2024

The Board of Directors of Lytix Biopharma AS

Electronically signed by: Marie Roskrow Date: Apr 9, 2024 14:55 GMT+2	*Electronically signed by: Brynjar K. Forbergskog Date: Apr 9, 2024 15:20 GMT+2*	*Electronically signed by: Kjetil Hestdal Date: Apr 9, 2024 16:11 GMT+2*
Marie Ann Roskrow	Brynjar Kristian Forbergskog	Kjetil Hestdal
Chair of the board	*Board member*	*Board member*
Electronically signed by: evelina vågesjö Date: Apr 9, 2024 16:29 GMT+2	*Electronically signed by: Marie-Louise Fjaellskog Date: Apr 9, 2024 09:31 EDT*	*Electronically signed by: Jayson Rieger Date: Apr 9, 2024 09:13 EDT*
Evelina Wanda Matilda Vågesjö	Helena Marie-Louise Fjällskog	Jayson Michael Rieger
Board member	*Board member*	*Board member*

2 GENERAL INFORMATION

2.1 Third Party Information

Certain Sections of this Prospectus contain reproduction of information sourced from third parties. To the best knowledge of the Company, such third-party information has been accurately reproduced. As far as the Company is aware and able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

2.2 Forward-looking information

This Prospectus contains forward-looking statements relating to, inter alia, the business, strategy, the potential benefits of the Company's products, future operations, future progress and timing of development and commercialisation activities, future size and characteristics of the markets that could be addressed by the Company's products, expectations related to the use of proceeds from the Offering, future financial performance results, projected costs, prospects, plans and objectives of the Company and/or the industry in which it operates.

Forward-looking statements concern future circumstances and results and other statements that are not historical facts, and may be identified by the use of forward-looking terminology, such as the terms "anticipate", "assume", "believe", "can", "could", "estimate", "expect", "forecast", "intend", "may", "might", "plans", "should", "projects", "will", "would", "seek to" or, in each case, their negative, or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur. Neither the Company nor any of its officers or employees provide any assurance that the assumptions underlying such forward-looking statements are free from errors, nor does any of them accept any responsibility for the future accuracy of the opinions expressed in this Prospectus or the actual occurrence of the forecasted developments. The Company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to its actual results. Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

3 INFORMATION ABOUT THE COMPANY

3.1 Name and corporate information

The Company's legal name is Lytix Biopharma AS and the Company's commercial name is Lytix Biopharma.

The Company is registered in the Norwegian Register of Business Enterprises with company registration number 985 889 635.

The Company's LEI-code is 549300NXMIMRSBCDZO71.

3.2 The Company's address and contact information

The Company's registered business address is Sandakerveien 138, 0484 Oslo, Norway, which is the Company's principal place of business. The Company's website can be found at www.lytixbiopharma.com.

3.3 The Board of Directors and Management

3.3.1 *Introduction*

The overall management of the Company is vested with its Board of Directors and the senior management (the "**Management**"). In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organisation, preparing plans and budgets for its activities ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's Chief Executive Officer (the "**CEO**"), is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must, according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of one time per month.

3.3.2 *The Board of Directors*

3.3.2.1 General

The Articles of Association provide that the Board of Directors shall comprise between three and nine members, as elected by the Company's shareholders in an ordinary or extraordinary General Meeting (as applicable).

The Company's registered business address, Sandakerveien 138, 0484 Oslo, Norway, serves as business address for the members of the Board of Directors in relation to their directorship in the Company.

3.3.2.2 Composition of the Board of Directors

The names and positions of the members of the Board of Directors are set out in the table below.

Name	Position	Served since	Term expires	Shares held	Options held
Marie Ann Roskrow	Chair	2023	AGM 2025	0	60,000
Brynjar Kristian Forbergskog	Director	2021	AGM 2025	1,111,110[1]	60,000
Marie-Louise Fjällskog	Director	2021	AGM 2025	0	60,000
Jayson Rieger.....	Director	2021	AGM 2025	0[2]	60,000
Evelina Vågesjö	Director	2021	AGM 2025	122	60,000
Kjetil Hestdal.....	Director	2021	AGM 2025	0	60,000

[1)] The shares are held through Hifo Invest AS and Saturn Invest AS, two companies controlled by Brynjar Kristian Forbergskog.

[2)] Jayson Rieger, is a Managing Partner at PBM Capital Group, and is a member of PBM LYT Holdings, LLC, which beneficially owns 3,690,417 Shares.

3.3.2.3 Brief biographies of the board members

Set out below are brief biographies of members of the Board of Directors, including their managerial expertise and experience, in addition to an indication of any significant principal activities performed by them outside of the Company.

Marie Ann Roskrow, Chair

Marie Ann Roskrow is a senior executive with international experience in both life sciences and investment banking. She holds a medical degree and a PhD in Immunology and currently serves as the Chairman of a number of international biotechnology companies. In addition to high level clinical and research positions, Dr. Roskrow has extensive experience as an investment banker, CEO and Chairman in both private and listed companies, such as the GSF Research Institute (Munich), Patrys Ltd (Melbourne), Imevax (Munich) and Lazard Healthcare Investment Banker (New York, San Francisco, Sydney). She has also participated in dozens of public and private biotechnology and pharmaceutical merger and acquisition deals, company financings and product in/out-licensing deals.

Brynjar Kristian Forbergskog, Board Member

Mr. Forbergskog is the CEO of his privately owned investment company, Saturn Invest AS, and serves on the board of several companies. Mr. Forbergskog was previously the Chief Financial Officer and the Chief Executive Officer of Torghatten ASA. During Forbergskog's tenure at Torghatten ASA, the company grew from being a small locally based provider of transport services, into one of the largest of its kind in the Nordic region, with more than 7,000 employees and an annual turnover of more than NOK 11 billion.

Marie-Louise Fjällskog, Board Member

Marie-Louise Fjällskog is a Senior Life Science Executive with long track-record within Clinical Research and business within Immunology and Oncology. She presently serves as Chief Medical Officer, Sensei Biotherapeutics, Boston, USA and as a board member of Biovica International AB, Sweden. Dr. Fjällskog holds a Ph.D. from Uppsala University and she is also an associate professor (docent) in Oncology, affiliated to Uppsala University.

Jayson Rieger, Board Member

Jayson Rieger has about 15 years' experience in cross-functional scientific and business leadership roles spanning business, research operations, drug discovery and product development in the life sciences. He presently serves as Managing Partner in PBM Capital and supports new investment evaluation, deal sourcing and provides business and technical support for portfolio companies. Jayson obtained his Ph.D. from the University of Virginia in Chemistry, has an MBA from the Darden Business School and earned his B.A. from Rollins College.

Evelina Vågesjö, Board Member

Evelina Vågesjö is the co-founder and CEO of Ilya Pharma AB, a company developing next generation immunotherapies based on cutting edge medical research in immunophysiology and applied microbiology. She has received numerous awards within Science and Innovation, among these, she was one of the winners of Innovators Under 35 Europe from MIT Technology Review 2019, and selected for the medicine Maker Power List in 2021 for the achievements in advanced therapies. Dr. Vågesjö holds a Ph.D. in Physiology from Uppsala University and an MBA from Heriot-Watt University, Edinburgh.

Kjetil Hestdal, Board Member

Kjetil Hestdal is a Senior Life Science Executive, who previously, among others, held the position as CEO of Photocure ASA, a commercial-stage company focused on bladder cancer, listed on the Oslo Stock Exchange. He presently serves on the board of directors of other life science companies and provides consulting services related to development and commercial expertise to pharma, medtech and biotech companies. Dr. Hestdal holds a Ph.D. in immunology.

3.3.3 *Management*

3.3.3.1 General

As of the date of this Prospectus, the Company's Management consists of six individuals. The names of the members of the Management and their respective positions are presented in the table below.

Name	Position	Employed since	Shares held	Options held
Øystein Rekdal	Chief Executive Officer	11 September 2019	139,963	1,403,516
Gjest Breistein.....	Chief Financial Officer	1 September 2018	11,112	329,271

Baldur Sveinbjørnsson	Chief Scientific Officer	1 December 2019	4,280	493,407
Stephen T Worsley	Chief Business Officer	1 September 2022	0	300,000
Gry Stensrud	Chief Technical Officer	1 March 2021	5,000	263,703
Marie-Louise Fjällskog	Interim Chief Medical Officer	1 March 2024	0	60,000

The Company's registered business address, Sandakerveien 138, 0484 Oslo, Norway, serves as business address for the members of the Management in relation to their employment with the Company.

3.3.3.2 Brief biographies of the Management

Øyvind Rekdal, Chief Executive Officer

Dr. Rekdal is a co-founder of Lytix and has previously served as CSO and Head of R&D within the Company. Dr. Rekdal commenced his PhD focusing on cytokines and tumor immunology. His postdoctoral research, centered around anticancer molecules derived from host defense peptides, laid the foundation for Lytix' oncolytic molecule platform.

Dr. Rekdal's extensive experience in drug development has been pivotal in establishing collaborations with esteemed researchers and institutions worldwide, and he played a key role in executing the out-licensing deal with Verrica. Dr. Rekdal is regularly invited to deliver plenary lectures at international oncology, industry, and partnering conferences.

Gjest Breistein, Chief Financial Officer

Gjest Breistein is a state authorised public accountant, with a master's degree in applied economics and finance from Copenhagen Business School and a master's degree in professional accountancy from BI Norwegian School of Management. Mr. Breistein has eight years of experience from PricewaterhouseCoopers AS as an auditor and consultant working with public and private companies across multiple industry sectors. Before joining Lytix he was in PwC's capital markets group advising clients in capital market transactions, financing and listing processes.

Baldur Sveinbjørnsson, Chief Scientific Officer

Baldur Sveinbjørnsson has been involved in the research activities of Lytix since the beginning and has led the Company's research activities. Mr. Sveinbjørnsson achieved a Dr. Philos degree at the Medical Faculty of University of Tromsø in 1998, studying the mechanisms and mediators behind immunomodulation of experimental tumors. Following the degree, he has gained a broad experience of preclinical oncology at the UiT The Arctic University of Norway (Tromsø, Norway) and Karolinska Institutet (Stockholm, Sweden).

Stephen T. Worsley, Chief Business Officer

Mr. Worsley has more than 25 years' experience with business development leadership in roles of increasing impact and in executing high-valuation strategic deals in the biopharmaceutical and drug discovery/development market. Most recently Mr. Worsley served as the Vice President of Strategic Business Development at Redwood Biosciences/Catalent Pharma Services. Mr. Worsley is a seasoned life sciences executive who also served roles as the CBO at Sutro Biopharma, Sr. Vice President Business Development at IndiMolecular and Vice President of Business Development at Peregrine Pharmaceutical (dba Avid Pharma Services) amongst other roles in his career. As a business development executive, Mr. Worsley has led negotiations of transformative and award-winning technology and product partnerships for leading therapeutics companies.

Gry Stensrud, Chief Technical Officer

Gry Stensrud has more than 20 years' experience in R&D, manufacturing, and distribution of medicinal products. Dr. Stensrud has held different positions within R&D and QA at Photocure and GE Healthcare. Prior to joining Lytix, she held the position as Vice President Technical Development & Operations at Photocure. Stensrud also holds a doctorate within pharmaceutical technology.

Marie-Louise Fjällskog, Interim Chief Medical Officer

Please refer to Dr. Fjällskog's biography under Section 3.3.2.3 "Brief biographies of the board members".

3.3.4 *Disclosure regarding convictions, sanctions, bankruptcy, etc.*

None of the members of the Board of Directors or the Chief Executive Officer or the Chief Financial Officer have during the last five years preceding the date of this Prospectus:

- been presented with any convictions related to indictable offences or convictions related to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership, liquidation or companies put into administration in his capacity as a founder, director or senior manager of a company.

3.3.4.1 Benefits upon termination

Upon termination of employment by the Company, the CEO is entitled to severance pay equal to 100% of his ordinary fixed salary as at the date of the termination for a period of six months after the expiry of the notice period. Other than this, no employee, including any member of Management, has entered into employment agreements which provide for any special benefits upon termination. None of the members of the Board of Directors will be entitled to any benefits upon termination of office.

3.3.5 *Corporate governance*

The Company considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to equity. In order to secure strong and sustainable corporate governance, it is important that the Company ensures good business practices, reliable financial reporting and an environment of compliance with legislation and regulations.

The Company is not subject to the Corporate Governance Code, but the Board of Directors actively adheres to good corporate governance standards.

3.3.6 *Nomination committee*

The Company has established a nomination committee as required by the Articles of Association. The nomination committee comprises Per Erik Sørensen (Chair), Lise von Tangen Jordan and Steinar Thoresen.

4 ADDITIONAL INFORMATION ABOUT THE COMPANY

4.1 Legal form and applicable law

The Company is a private limited liability company (Nw.: *aksjeselskap*), validly incorporated and existing under the laws of Norway and in accordance with the Norwegian Private Limited Companies Act.

4.2 Date of incorporation

The Company was incorporated on 1 July 2003.

4.3 The purpose of the Company pursuant to the Articles of Association

The Company's business, as stated in the Articles of Association, is to develop, market and sell pharmaceutical and biotechnology products, as well as associated business activities. The Company may have ownership interests in entities within the same or related industries.

4.4 Description of the Shares and rights to Shares

4.4.1 *Shares and share capital*

As of the date of this Prospectus, the Company's registered share capital is NOK 4,006,831.90 divided into 40,068,319 Shares, each with a par value of NOK 0.10. All of the Company's Shares have been issued under the Norwegian Private Limited Companies Act and are validly issued and fully paid.

The Company has one class of shares, and accordingly there are no differences in the voting rights among the Shares. The Shares are freely transferable, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or rights of first refusal. Pursuant to the Articles of Association, the Company's Shares shall be registered in VPS.

The Shares are registered in book-entry form with the VPS under the ISIN NO 0010405780. The Company's register of shareholders in VPS is administrated by the VPS Registrar, DNB Bank ASA, Dronning Eufemias gate 30, 0191 Oslo, Norway.

On 16 June 2021 the Company's Shares were admitted to trading on Euronext Growth. Euronext Growth is a multilateral trading facility (MTF). Euronext Growth is subject to the rules in the Norwegian Securities Trading Act and other applicable regulation as well as the Euronext Growth's own rules. Euronext Growth is not a regulated market. The rules and regulations applicable to a company listed on Euronext Growth are adjusted to small growth companies, and are less extensive than those applicable to a company listed on a regulated market.

The table below shows the development in the Company's share capital for the period covered by the Financial Statements to the date of this Prospectus. There have been no any other capital increases in the Company other than as set out in the table below, neither by way of contribution in cash or in kind for the period covered by the Financial Statements until the date of this Prospectus.

Date of registration	Type of change	Change in share capital (NOK)	New share capital (NOK)	Nominal value (NOK)	New number of total issued Shares	Subscription price per Share (NOK)
10 June 2021	Share capital increase	323,411.60	2,946,123.60	0.10	29,461,236	18.00
11 June 2021	Share capital increase	900,000.00	3 846 123.60	0.10	38,461,236	18.00
11 July 2021	Share capital increase	27,777.70	3,873,901.30	0.10	38,739,013	18.00
20 April 2022	Share capital increase	132,930.60	4,006,831.90	0.10	40,068,319	0.1

4.4.2 *Ownership structure*

As of 5 April 2024, being the last practical date prior to the date of this Prospectus, the Company's twenty largest shareholders on record in the VPS were:

#	Shareholder	Number of Shares	Per cent of share capital
1	Citibank, N.A.	3,690,417	9.21
2	Jakob Hatteland Holding AS	3,000,000	7.49
3	Taj Holding AS	1,834,702	4.58
4	3T Produkter Holding AS	1,808,764	4.51
5	Lyr Invest AS	1,770,925	4.42
6	Brødrene Karlsen Holding AS	1,709,274	4.27
7	Ynni Invest AS	1,202,049	3.00
8	Care Holding AS	1,131,512	2.82
9	Per Strand Eiendom AS	1,024,128	2.56
10	Lth Invest AS	801,366	2.00
11	Picasso AS	695,753	1.74
12	Skandinaviska Enskilda Banken AB	669,115	1.67
13	Lysnes Invest AS	615,654	1.54
14	Kvasshøgdi AS	604,727	1.51
15	Belvedere AS	569,591	1.42
16	Norinnova Invest AS	557,510	1.39
17	Hifo Invest AS	555,555	1.39
18	Saturn Invest AS	555,555	1.39
19	Jahatt AS	500,000	1.25
20	Hopen Invest AS	481,117	1.2
Total top 20		**23,777,714**	**59.34**
Others		**16,290,605**	**40.66**
Total		**40,068,319**	**100**

As of the date of this Prospectus, the Company does not hold any treasury shares.

There are no arrangements known to the Company that may lead to a change of control in the Company.

4.4.3 *Authorisations*

4.4.3.1 Authorisation to increase the share capital

At the Annual General Meeting held on 18 April 2023, the Board of Directors was granted (i) an authorisation to increase the share capital by up to NOK 519,917.10, and (ii) an authorisation to increase the share capital by up to NOK 400,683.19. The authorisations are valid until the Annual General Meeting in 2025, but no longer than until 18 April 2025.

4.4.3.2 Authorisations to acquire treasury Shares

As of the date of this Prospectus, the Board of Directors does not hold any authorisations to acquire treasury Shares.

4.4.4 *Financial instruments*

4.4.4.1 Share option program

Since 2013, Lytix has established several share-based incentive programs for the Company's management, employees, and consultants, under which the entity receives services from employees as consideration for equity instruments in Lytix. The incentive programs consist of share options. In September 2020, all employees were awarded share options in the new option program E replacing all existing option programs for employees.

As of the date of this Prospectus, Lytix has three active incentive programs for the Company's Board of Directors, Management, employees, and consultants.

	Program E	**Chairperson**	**Strategic advisors (1)**	**Strategic advisors (2)**	**Sum**
No of options in program	**4,006,832**	**600,000**	**467,220**	**125,119**	**5,199,171**
No of options allocated to employees, management, board members, chairpersons, and advisors	3,636,601	600,000	467,220	125,119	4,828,940
Remaining options (can be allocated to individuals)	***370,231***	***0***	***0***	***0***	***370,231***

The Board of Directors may allocate the remaining options to eligible individuals. Currently, there are no plans to allocate these options, but they may be allocated to new hires or existing employees in the future. If allocated, the exercise price will be set based on the current market price at the time of allocation.

Under all programs, the option holder must comply with the following terms during the vesting period and up to the date for the actual and complete execution of the option rights:

(i) The option holder shall not, directly or indirectly and by any means, be involved in a business which might be in competition with the Company's business at any time, unless prior written acceptance is obtained from the Company; and

(ii) The option holder shall not, directly or indirectly, be involved in any activities related to or targeted towards the Company's customers, business partners or employees, unless prior written acceptance is obtained from the Company or the holder's ordinary position comprises carrying out the relevant activities.

A further description of each of the incentive programs is set out below.

Program E: Option program for employees, management, the Board of Directors and other key personnel

The Company has share option program for employees, management, the Board of Directors and other key personnel ("**Incentive Program E**"). The purpose of this share option program is to incentivise the individuals who are granted share options. As of the date of this Prospectus, a total of 3,636,601 share options have been

granted to certain specific individuals through share option agreements. All share options are subject to a vesting schedule upon which the share options will only vest if the option holder is qualified to be part of the Company's long term incentive program at each vesting date. A total of 1,171,486 of the options granted is subject to a vesting period as of the date of this Prospectus.

The share options have been granted as follows:

- In December 2020 and March 2021, the Company granted in total 2,032,601 share options under Incentive Program E, of which all have vested as of the date of this Prospectus. Each share option gives the holder the right, but not the obligation, to subscribe for one Share at a nominal value of NOK 0.10 upon payment of NOK 12.00. The share options will expire on 1 May 2025.

- In December 2022 the Board of Directors resolved to grant 1,144,000 share options under Incentive Program E, of which 407,514 has vested as of the date of this Prospectus. Vesting takes place in accordance with an agreed schedule, and all share options will have vested on 31 December 2026. Each share option gives the holder the right, but not the obligation, to subscribe for one Share at a nominal value of NOK 0.10 upon payment of NOK 8.50. The share options will expire on 14 December 2027.

- Based on a resolution passed by the Annual General Meeting in 2023, the Company has granted 360,000 share options under Incentive Program E, of which 0 has vested as of the date of this Prospectus. Vesting takes place in accordance with an agreed schedule, and all share options will have vested on 30 April 2027. Each share option gives the holder the right, but not the obligation, to subscribe for one Share at a nominal value of NOK 0.10 upon payment of NOK 7.30. The share options will expire on 18 April 2028.

- In June 2023 the Board resolved to grant 100,000 share options under Incentive Program E, of which 25,000 has vested as of the date of this Prospectus. Vesting takes place in accordance with an agreed schedule, and all share options will have vested on 31 March 2027. Each share option gives the holder the right, but not the obligation, to subscribe for one Share at a nominal value of NOK 0.10 upon payment of NOK 7.85. The share options will expire on 6 June 2028.

Incentive Program Chairman 2018/2023 and 2019/2025

On 24 April 2018, the General Meeting resolved to allot 600,000 share options to the previous chairman of the Board of Directors, Espen Johnsen. Each share option gives the holder the right, but not the obligation, to subscribe for one Share at a nominal value of NOK 0.10 upon payment of NOK 12.00. Espen Johnsen resigned as chairman of the Board of Directors on 2 December 2019. Due to his resignation, the number of options was reduced to 300,000 and the terms of the options were revised. The expiry date for the share options is 1 May 2025.

The former chairman of the Board of Directors Gert W. Munthe was granted 300,000 share options on similar terms. None of the outstanding options under the program are subject to vesting.

Incentive Program Strategic Advisors (1)

On 12 June 2019, the General Meeting resolved to implement a share option program of 467,220 share options to certain strategic advisors. All share options granted under the Incentive Program Strategic Advisors have vested as of the date of this Prospectus. Each share option gives the holder the right, but not the obligation, to subscribe for one Share at a nominal value of NOK 0.10 upon payment of NOK 12.00. The expiry date for the share options is 6 June 2025.

Incentive Program Strategic Advisors (2)

At the annual general meeting of 2021, it was resolved to issue 125,119 new share options to certain strategic advisors. All share options granted under this program have vested as of the date of this Prospectus. Each share option gives the holder the right, but not the obligation, to subscribe for one Share at a nominal value of NOK 0.10 upon payment of NOK 18.00. The expiry date for the share options is 6 June 2025.

4.4.5 *No other financial instruments*

Other than the Company's share option program, the Company has not issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any Shares in the Company.

4.5 Description of the Company's business

4.5.1 *Introduction*

Lytix is a clinical stage immuno-oncology company developing cancer immunotherapies, an area within cancer therapy that is aimed at activating the patient's immune system to fight cancer. Founded in 2003, Lytix' main office is in Oslo, Norway, and has collaborations with internationally renowned research institutions and hospitals.

The Company is developing a portfolio of oncolytic molecules, generated from "host defense peptides", which have been developed over 25 years of research. The oncolytic molecules are used as cancer immunotherapy and work by both killing cancer cells and activating of the body's own immune system to recognise and kill cancer cells. The technology could represent a paradigm shift in cancer therapy. The oncolytic molecules, when injected into the tumor, rapidly kill and disrupt the cancer cells causing an immunogenic cell death and the release of the cancer's unique neoantigens and immunostimulatory molecules, which then in turn activates the immune system. This creates a broad and cancer specific immune response, and triggers the immune system to infiltrate, recognise and attack the cancer cells.

Lytix believes that its oncolytic molecules can be an integral part in the treatment of patients with a wide range of solid tumors, across multiple therapeutic areas. This stems from the platform's versatility in addressing two of the main challenges in dealing efficiently with cancer; the heterogeneity of the tumor enabling the tumor to escape various targeting therapies, and a poor infiltration of immune cells into the tumor capable of recognising and killing cancer cells.

On this background, Lytix plans to both progress and expand its pipeline to harness the full therapeutic and commercial potential of its platform technology. As the Company's assets' mode of administration is thorough intra-tumoral injection, Lytix' key business segment are those patients with solid tumors and accessible lesions. Lytix has built a cross-functional team to enable the Company to deliver on this plan. In addition, the Company will pursue additional strategic partnerships, where appropriate.

Today, Lytix has the following compounds in active development:

(i) Lytix Biopharma's lead product, LTX-315, is a first-in-class oncolytic molecule representing an in situ therapeutic vaccination principle to boost anti-cancer immunity, with the potential to work in combination with other types of immunotherapies. LTX-315 targets cancer cells and disintegrates their cell membranes, causing immunogenic cell death and release of a patient’s tumor specific antigens. This mode of action allows cytotoxic T cells to recognize, infiltrate, and attack cancer cells. The drug candidate is currently investigated in two ongoing Phase II studies, one of which is led by Verrica. In addition, an investigator-led study in early stage melanoma is planned to start in the first half of 2024.

(ii) LTX-401 is a novel small molecule designed for local treatment of deep-seated tumors and it shares a similar mode of action with the peptide LTX-315. LTX-401 has been shown to exert anticancer effects in a wide variety of experimental models, including liver cancer, in which it stimulates T-cell infiltration and subsequent regression of tumors. When combined with immune checkpoint inhibitors (ICIs) in an experimental model, LTX-401 demonstrated an abscopal effect on distant lesions, an effect not seen with ICIs alone in these models. LTX-401 has shown to be safe and well tolerated in preclinical safety studies. LTX-401 is in the final stages of pre-clinical development and is planned to enter the first-in-man study in second half of 2025.

(iii) Other undisclosed assets in a discovery phase.

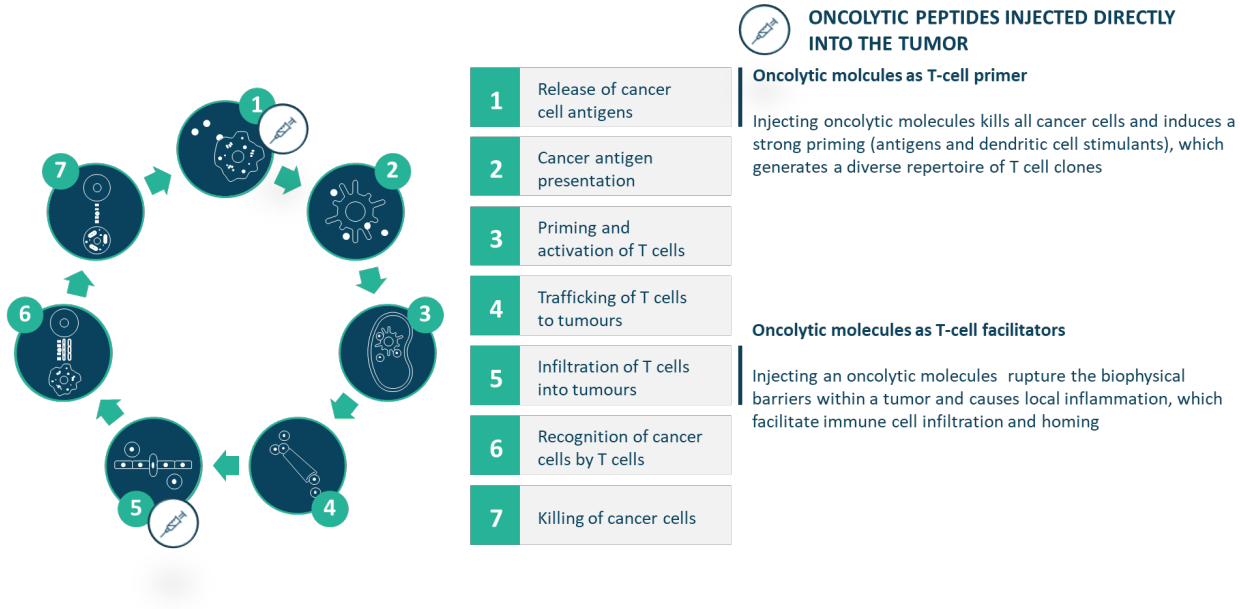
Through its programs, Lytix has demonstrated the ability of its platform to be versatile, efficient, with utility in a wide range of cancer types. The clinical and pre-clinical results demonstrated so far represent the foundation for Lytix' confidence in the potential of its technology, which also has been confirmed through the strategic partnerships formed.

Lytix will follow a strategic plan based on:

- An accelerated development of existing pipeline product candidates into key solid tumor indications, both as monotherapy and in combination with other relevant therapies.
- Discovery of novel molecules based on Lytix' own technology, an expansion of the application of the technology platform into additional therapeutic areas and clinical settings.
- The pursuit of further strategic partnerships to maximise the value of its technology platform.

4.5.2 *Technology background*

Lytix' oncolytic molecules work as a form of immune therapy and have been generated from an optimisation of host defense peptides. Host defense peptides constitute an important part of the innate immune system and are present in virtually all species of life. Lytix' oncolytic molecule portfolio consists of both peptides and small molecules that are injected directly into solid tumors through a syringe and subsequently kill cancer cells in such a way that the immune system becomes activated (immunogenic cell death) and recognises the patient's tumor specific antigens.



The oncolytic molecules are developed for intratumoral treatment, i.e., by injection directly into the tumor. When cancer cells are exposed to Lytix' molecules, the cancer cell membrane will disintegrate, resulting in a necrotic cell death and destruction of intracellular organelles such as mitochondria. As a result, "danger signals" (danger associated molecular patterns, DAMPs) and a wide spectrum of tumor antigens will be released from cancer cells, facilitating an optimal activation of dendritic cells and subsequent anti-cancer immune response. This process leads to an increased influx of T cells into the tumor. By reprogramming of the tumor microenvironment through the eradication of local immunosuppressive cells followed by infiltration of cytotoxic T cells, one may reinstate systemic anticancer immune responses, hence eliminating all deposits of remaining cancer cells. Lytix' molecules address heterogeneity of the tumor as they exerts their activity through membranolytic effect and are equally active against both therapy-resistant and therapy-sensitive cancer cells. As the oncolytic molecules mode of action enables an increase of immune cells infiltrating the tumor, they are also useful in combination with several other immunotherapies, such as checkpoint inhibitors and cell therapy, where lack of immune cell infiltration is one of the major hurdles for these therapies to be effective.

Even though cancer immunotherapy has revolutionized cancer treatment, still only a minority of cancer patients achieve durable response to cancer immunotherapy. The main reasons for low response rate are tumor heterogeneity and immunosuppression. Solid tumors often have a high degree of tumor heterogeneity. During

tumor growth, new mutations accumulate and result in tumor cells with distinct mutations and different sensitivity to treatment. This cellular diversity of the tumor makes it very challenging to treat as it can develop therapy resistance. In a survey among high prescribing oncologists, tumor heterogeneity was ranked as the major hurdle for successful treatment of cancer.[1] Tumor heterogeneity represents a major challenge to kill all cancer cells in one tumor and to develop cancer therapies that work universally for all kinds of tumors. In the case of cancer immunotherapy, tumor heterogeneity is a substantial barrier for successful outcome. Lytix' molecules address heterogeneity of the tumor as they exerts their activity through membranolytic effect and are equally active against both therapy-resistant and therapy-sensitive cancer cells.

Heterogeneity is considered one of the greatest challenges in cancer treatment for the following reasons:

1. Treatment resistance: Different cell populations within a tumor may develop distinct genetic alterations, making them resistant to specific treatments. While one population of cells may respond well to a particular therapy, another population may continue to grow and evade treatment. This can lead to treatment failure and disease recurrence and an even harder-to-treat disease.

2. Metastasis: Heterogeneity can contribute to the spread of cancer to other parts of the body. Certain subpopulations of cells within a tumor may acquire genetic changes that enhance their ability to invade nearby tissues and spread to distant sites. These cells can give rise to new tumors at different locations and contribute to disease progression.

3. Personalized medicine challenges: Tumor heterogeneity poses challenges for the development of effective personalized cancer treatments. It is difficult to target all the diverse cell populations within a tumor with a single targeted therapy. Additionally, the genetic changes observed in a tumor at one point in time may evolve over the course of treatment, leading to further heterogeneity and therapy resistance.

4. Diagnostic and prognostic implications: Tumor heterogeneity can complicate accurate diagnosis and prognosis. Biopsies or genetic testing from a limited area within a tumor may not capture the full genetic landscape, potentially leading to incomplete or misleading information about the tumor characteristics and behaviour.

4.5.3 *Assets*

Lytix' technology platform has the capacity to deliver several molecules within the class of oncolytic drugs. These are aimed at improving the lives of patients with several cancer types.

Our lead candidate, LTX-315, is currently being evaluated in two different Phase II trials, both as monotherapy and as combination therapy with the checkpoint inhibitor pembrolizumab. In addition, a neoadjuvant phase II study in melanoma patients with resectable tumors is planned to start in the first half of 2024.

LTX-401 is a second-generation drug candidate that has shown unique properties for being used to treat deep seated tumors, e.g., liver cancer. LTX-401 is being prepared to enter a first-in-human clinical trial planned to start in 2025.

4.5.3.1 LTX-315

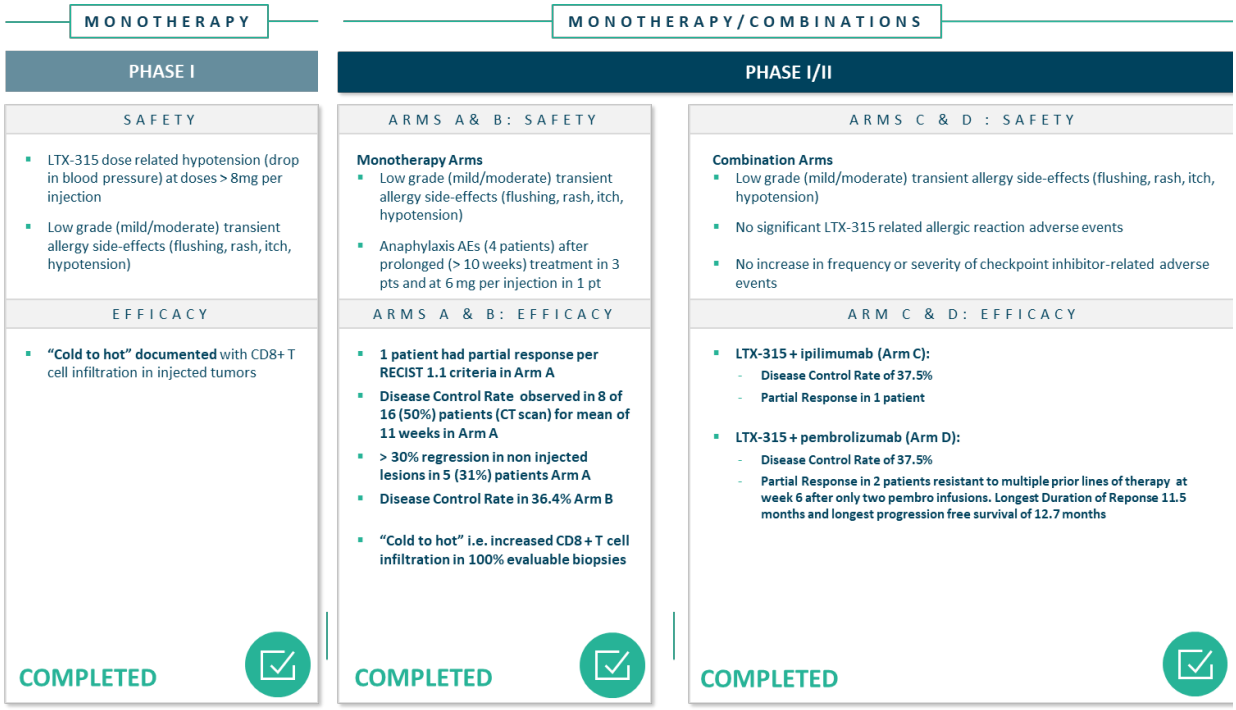
LTX-315 is our lead asset and is a small peptide developed from bovine lactoferricin. It is a first-in-class oncolytic molecule that is developed for intratumoral treatment, i.e. it is administered by direct injection into the tumor. Preclinical studies have demonstrated that intratumoral treatment of solid tumors with LTX-315 results in growth inhibition, complete regression, and long-lasting tumor-specific immunity.[2] The studies also confirmed that LTX-315 increases the number of tumor-infiltrating T cells in the tumor microenvironment.

LTX-315 is currently tested in heavily pre-treated melanoma patients and basal cell carcinoma (Phase II studies). Previous studies strongly signal that LTX-315 monotherapy is a highly potent drug with the ability to create systemic

[1] GlobalData High-Prescriber Survey, Dec. 2020
[2] Haug *et al*, J. Med. Chem.,. 59:2918-2927, 2016.

anti-cancer effects based on local intratumoral administration.[3] These studies also confirm that one of the key features of LTX-315 is to promote the infiltration of a broad repertoire of tumor-specific T cells.[4]

In the Phase I/II study (ATLAS-IT-03), LTX-315 was either being given as monotherapy or in combination with a checkpoint inhibitor to patients with transdermally accessible tumors. The trial has shown that LTX-315 has an acceptable safety profile without any added safety concerns when given in combination with a checkpoint inhibitor. The scientific foundation has been laid to claim that LTX-315 is clinically active and contributes to immune-mediated anticancer activity.[5]



LTX-315 has also been tested in combination with adoptive cell therapy (ATLAS-IT-04). This kind of therapy implies the isolation of T cells from the tumor, expansion in the laboratory and transfer back to the patient to improve the immune response against the tumor. The ATLAS-IT-04 study at Herlev Hospital in Denmark was set up to evaluate the potential of LTX-315 to enhance the number of T cells prior to isolation and expansion of the T cells into billions. The T cells were then given back to the patient. In this study, LTX-315 was administered in combination with adoptive T-cell therapy in advanced soft tissue sarcoma patients. During the study, an extensive immune profile was measured to characterize the immune status and the nature of immune response together with monitoring the clinical response. The combination therapy also resulted in stabilization of the disease for up to 208 days. The study has been finalised, and the results were presented at ASCO in June 2022 and were recently published in Oncoimmunology, a high-profile, open access journal covering tumor immunology and immunotherapy.

4.5.3.2 LTX-401

LTX-401 is a drug candidate that has demonstrated potential for treatment of deep-seated tumors, such as hepatocellular carcinoma and liver metastases. In several experimental animal models, LTX-401 induces complete regression after intertumoral injection with a subsequent development of a systemic immune protection in cured

[3] Spicer *et. al*. Clinical Cancer Research 2021
[4] Nielsen et al. 2024 Oncoimmunology
[5] Spicer et al. 2018/Spicer et al. 2021

animals.[6] LTX-401 has been shown to be effective when combined with checkpoint inhibitors[7] and has demonstrated significant efficacy in liver cancer models (hepatocellular carcinoma).[8]

4.5.4 *Development program*

Lytix' technology platform may benefit the lives of patients across many cancer types with accessible lesions. Our lead candidate, LTX-315, has been studied in several Phase I/II studies that has enrolled patients with various solid cancer types (e.g., melanoma, basal cell carcinoma, breast cancer, soft tissue sarcoma, and head and neck cancer).

The program progresses the oncolytic molecules both as monotherapies, and as a combination partner to checkpoint inhibitors and as an adjunct to cell therapy.

Product candidate	Description	Indication	Discovery	Preclinical	Phase I	Phase II	Phase III	Comment
LTX-315	**ATLAS-IT-03** Mono and combination	Multiple indications	Completed					Completed
LTX-315	**ATLAS-IT-04** Pembrolizumab (Keytruda®)	Soft tissue sarcoma	Completed					Completed
LTX-315	**ATLAS-IT-05** Pembrolizumab (Keytruda®)	Melanoma patients progressed on checkpoint inhibitors						Ongoing - recruitment completed, patients in follow-up
LTX-315	**Ph. II by Verrica Pharmaceuticals** (monotherapy)	Basal cell carcinoma						Ongoing – recruitment completed, patients in follow-up
LTX-315	**ATLAS-IT-06** NeoLIPA	Neoadjuvant resectable melanoma patients						Recruitment estimated to start in Q2 2024
LTX-401	Monotherapy	Deep seated cancer (e.g. liver cancer)						In preparation for a Phase I study, which is expected to start in 2025
Undisclosed chemistry		Multiple indications						

While demonstrating the versatility of the Lytix technology platform, we have chosen to focus on skin cancers in two ongoing Phase II and planned Phase II studies with LTX-315.

ATLAS-IT-05 (Ongoing)

The ongoing ATLAS-IT-05 trial is designed to assess the efficacy of LTX-315 in patients with stage III-IV melanoma who are refractory to treatment with anti-PD-1/PD-L1 inhibitors. LTX-315 is administered to patients with advanced melanoma in combination with the immune checkpoint inhibitor pembrolizumab (Keytruda), which blocks the tumor cells' ability to prevent the body's immune response. All enrolled patients have been treated with checkpoint inhibitors (PD-1/PD-L1 inhibitors) previously and have documented disease progression.

Initiated in December 2021 at MD Anderson Cancer Center in Houston, Texas, one of the world's premier cancer hospitals, the trial has engaged a total of ten sites – four in the US and six in Europe.

The enrolment of 20 melanoma patients is completed and interim results from the first enrolled patients were presented in October 2023 at the annual ESMO conference in Madrid, Spain. Enrolled patients received treatment with LTX-315 for up to five weeks. Pembrolizumab therapy will continue until disease progression or 24 months after enrolment.

[6] Eike *et al*, PLoS One 11:e0148980, 2016
[7] Xie, W. et al. Oncoimmunology, 8(7):1594555, 2019
[8] Mauseth, B. et al. Mol Ther Oncolytics 14:139-148, 2019.

Interim data in early 2024 on all 20 patients show disease control in approximately half of the patients with durable responses up to one year and one patient with partial response. Following the patients over a longer time has shown durable stabilization of the disease up to one year post-treatment after having previously failed to respond to several earlier lines of other IO therapies. Shrinkage of both non-injected and injected lesions have been confirmed in a substantial number of the patients. LTX-315 in combination with pembrolizumab is well-tolerated.

Some of the patients are still at an early phase of the study and further updates will be shared in future presentations as the study progresses, and patients advance in their treatment course. Lytix is reassured on the safety of LTX-315 in combination with pembrolizumab from results to date and by the achievement of mechanism of action supporting data, especially in light of the weaker immune systems typically seen in the refractory patients enrolled in ATLAS-IT-05.

Verrica Phase II study (Ongoing)

The study is performed in basal cell carcinoma (BCC) patients by our partner, Verrica. In this study, LTX-315 (VP-315) is administered as monotherapy. In November 2021, Verrica received IND approval from the US FDA to initiate a Phase II clinical trial in basal cell carcinoma, and the first patient was recruited to the study in April 2022.

Results from the first part of this study were presented in August 2023 at the American Academy of Dermatology 2023 Innovation Academy Meeting and showed encouraging clinical efficacy with LTX-315 demonstrating complete clinical and histologic clearance of cancer cells in the majority of patients. In January 2024, Verrica announced that recruitment and dosing of patients in their Phase II study had been completed and that they will report top-line results in the first half of 2024.

ATLAS-IT-06 (NeoLIPA) (Planned)

Based on the encouraging results in ATLAS-IT-05, the Company has in collaboration with Dr. Henrik Jespersen at Radiumhospitalet (Oslo University Hospital) in Oslo, Norway decided to initiate a study in patients with early-stage melanoma. One reason for this is that LTX-315 can have greater effectiveness in early-stage cancer patients due to a more healthy immune system and lower tumor burden. Secondly, the commercial potential is much larger due to larger patient populations. Recruitment of patients is expected to start in the first half of 2024.

The study will be an investigator-led Phase II study where the efficacy of neo-adjuvant LTX-315 (administered before surgery) in combination with standard of care pembrolizumab (Keytruda) in patients with fully resectable melanoma will be assessed. This study will enroll patients with stage III-IV melanoma with less advanced disease than in ATLAS-IT-05 and a stronger immune system. The objective of this study is to demonstrate that LTX-315 improves outcomes in these patients and prevents disease recurrence.

The neoadjuvant study, NeoLIPA, will be a Phase II, open-label study of neoadjuvant LTX-315 in combination with standard of care, pembrolizumab (Keytruda®), in 27 patients with clinically detectable and resectable stage III-IV melanoma.

While neoadjuvant checkpoint inhibition has demonstrated a significant reduction of the risk of relapse for high-risk melanoma compared to adjuvant therapy, many patients still experience limited or short treatment effects. Consequently, there exists an unmet medical need for innovative and more effective neoadjuvant treatment regimens. The NeoLIPA study addresses this need by adding LTX-315 to standard of care along with pembrolizumab.

With its dual mode of action, LTX-315 emerges as a promising drug candidate for combination therapy with a PD-1 inhibitor in the neoadjuvant setting. By directly killing cancer cells in the injected lesion, LTX-315 has the potential to locally shrink tumors before surgery. Simultaneously, LTX-315 has demonstrated ability to increase number of tumor-specific immune cells in treated patients, potentially reducing the risk of disease relapse after surgery. In pre-clinical studies we have demonstrated that re-establishment of tumors was not possible after LTX-315 treatment followed by surgery. The NeoLIPA study offers an opportunity to demonstrate whether combining LTX-315 with standard of care in the neoadjuvant setting could improve clinical outcomes for early-stage melanoma patients.

In December 2023, the clinical trial application for the NeoLIPA trial was submitted. The study is planned to start in the first half of 2024 marking a step forward in advancing this approach to melanoma treatment. In addition to the opportunity to expand into this additional patient population, Lytix' financial responsibility for this trial is mainly limited to drug supply, which is supportive of the robust financial controls that have been implemented in 2023.

ATLAS-IT-04 (Completed)

The ATLAS-IT-04 trial was an open-label, Phase II trial assessing the effect of LTX-315 when used in combination with Adoptive Cell Therapy (ACT) in patients with progressive metastatic soft tissue sarcoma that had failed standard treatment.

The ATLAS-IT-04 trial included intra-tumoral injections of LTX-315 ahead of surgical removal of tumor lesions, followed by in vitro expansion of T cells isolated from the resected tumor lesion. In a second step, the expanded T cells were infused back to the patients. Six heavily pretreated patients were included in the trial and treated with LTX-315, of which four patients proceeded to adoptive T-cell therapy. The treatment was safe, and the best overall clinical response was stabilization of the disease for 208 days. The immune response data from the trial demonstrated that the treatment induces tumor-specific T cells in the blood, providing proof of concept that LTX-315 generates an immune response that targets the tumor.

This Phase II study also showed that it is feasible to combine LTX-315 and adoptive T-cell therapy and confirms that LTX-315 can induce tumor specific immune responses resulting in stabilization of the disease in sarcoma patients with otherwise progressive disease.

The encouraging results from the ATLAS-IT-04 study were recently published in Oncoimmunology[9], a high-profile, open access journal covering tumor immunology and immunotherapy. Lytix is actively approaching companies with in-house ACT technology.

ATLAS-IT-03 (Completed)

ATLAS-IT-03 was a Phase I/II dose-finding study of LTX-315 as monotherapy and in combination with checkpoint inhibitors (ipilimumab and pembrolizumab). A total of 65 patients with various solid tumor types (e.g., melanoma, triple-negative breast cancer and head and neck cancer) were treated with different doses of LTX-315.

The safety profile of LTX-315 was generally manageable in clinical practice, both as monotherapy and when given in combination with checkpoint inhibitors. The immune analysis of tissue samples indicated that LTX-315 has the ability to invoke necrosis and stimulate clonal expansion and increase the repertoire of T cells both within injected tumours as well as in the blood. There were also clear indications that LTX-315 is clinically active, with a number of patients showing marked tumour regression in the injected lesions. Furthermore, there was evidence of systemic (abscopal) effect indicating that the T-cell clonal increase has an impact on peripheral non-injected lesions.

Results from this study informed the dose selection and dosing regimen of LTX-315 in the subsequent clinical studies.

4.5.5 *Market background*

Lytix' oncolytic molecules is a class of drugs within the immune oncology space used to treat cancer. In 2018, there were approximately 18.1 million people worldwide diagnosed with cancer. This number is expected to increase by 63% over the next two decades, meaning 29.5 million people will be diagnosed with cancer each year by 2040.[10] The increase in incidence is explained by an increase in life expectancy (most cancers occur in people above the age of 60 years) and improved diagnostics, meaning many cancers are diagnosed at an earlier stage. Early diagnosis offers the opportunity for more successful treatment of cancer and potentially cures. 23% of the cancer cases worldwide occur in Europe, 13% in North America and approximately 48% of the cancer cases in the world appear in Asia.[11]

[9] Nielsen et al., 2024.
[10] National Cancer Institute, Cancer Statistics, 25th of Sept 2020
[11] GLOBOCAN, (gco.iarc.fr), Cancer Statistics 2018

The current cancer therapies include surgery, chemotherapy, targeted therapy, radiotherapy, hormonal therapy, and most recently immunotherapy. The different treatment modalities may be combined, which has been shown to improve patient outcomes. The commercial market for immunotherapies is expected to increase significantly during this decade.

Surgery is usually the preferred choice of treatment if the cancer is limited to one tumor in one organ. However, cancer patients often have multiple tumors in different organs at a late stage (metastatic disease) when the local primary tumor has spread to the liver, lungs, bones, and other body parts (metastasis).

Radiotherapy takes benefit of high-energy radiation to destroy and kill cancer cells, and thus shrink and control tumors. Recently it has been demonstrated that the immune system also plays a role in the response to local radiotherapy.

Chemotherapy is used to kill rapidly dividing cancer cells. Although conventional chemotherapeutic drugs can be very effective, they also have several, and to a large extent, severe side effects by also killing normal cells. Development of drug resistance may also make the treatment ineffective.

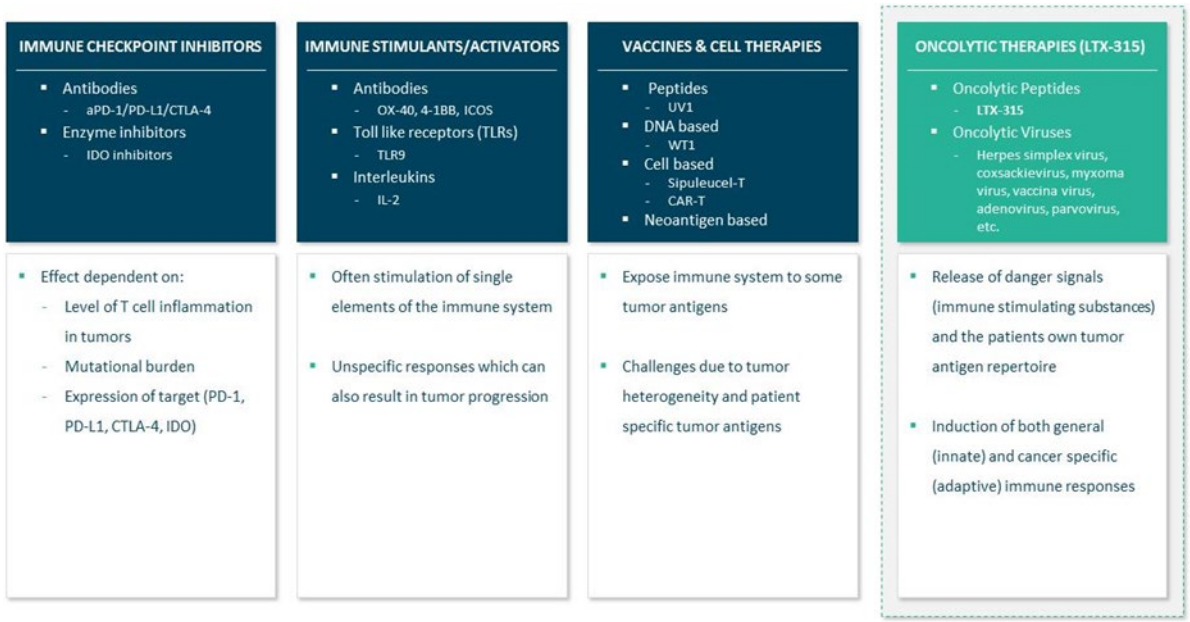
Hormonal therapy slows or stops the growth of cancers that need hormones to grow, by blocking the effect of specific hormones that stimulate tumor growth. Hormonal therapy falls into two broad groups, those that block the body's ability to produce hormones and those that block the hormones' effect on the cancer cells.

Targeted therapy uses drugs that attack specific biological markers (overexpressed or mutated proteins) on cancer cells, with the ability to selectively attack cancer cells and block the growth and spread of cancer cells. Other types of targeted therapies help the immune system kill cancer cells. Targeted therapy may have fewer side effects than other types of cancer treatment, but cancer cells may also develop resistance to targeted therapies rendering these treatments less effective.

Immunotherapy activates the body's own immune system to recognise and kill cancer cells. This represents a paradigm shift in cancer therapy and has become the fifth pillar of cancer treatment. Many patients with advanced and metastatic disease and no remaining treatment alternatives can now be cured. However, despite the clinical success, many patients remain non-responders. The main challenges in cancer immunotherapy are the heterogeneity in the tumor, and the immune suppressed tumors without relevant immune cells present.

4.5.5.1 Types of cancer immunotherapy

The immune-therapy landscape is evolving rapidly with established, and new approaches and treatment targets. Lytix' assets fall into the class of oncolytic therapies. The main immune therapies are described below.



Immune checkpoint inhibitors

This class of drugs has constituted a paradigm shift in the treatment of cancer since the first drug ipilimumab (Yervoy®) was introduced to the market in 2011. Many cancer cells establish protection and escape from the immune system by suppressing the immune system (they push the "brakes" of the immune system), thereby inhibiting the immune response. The immune checkpoint inhibitors release these brakes and have shown promising effects in cancer therapy. The following checkpoint inhibitors are currently on the pharmaceutical market: ipilimumab (Yervoy®) (anti-CTLA-4), pembrolizumab (Keytruda®) and nivolumab (Opdivo®) (anti-PD-1) and atezolizumab (Tecentriq®), avelumab (Bavencio®) and durvalumab (Imfinzi®) (anti-PD-L1).

Immune stimulants/activators

This class of drugs has constituted a paradigm shift in the treatment of cancer since the first drug ipilimumab (Yervoy®) was introduced to the market in 2011. Many cancer cells establish protection and escape from the immune system by suppressing the immune system (they push the "brakes" of the immune system), thereby inhibiting the immune response. The immune checkpoint inhibitors release these brakes and have shown promising effects in cancer therapy. The following checkpoint inhibitors are currently on the pharmaceutical market: ipilimumab (Yervoy®) (anti-CTLA-4), pembrolizumab (Keytruda®) and nivolumab (Opdivo®) and Cemiplimab (Libtayo®). (anti-PD-1) and atezolizumab (Tecentriq®), avelumab (Bavencio®) and durvalumab (Imfinzi®) (anti-PD-L1), and relatlimab (anti-LAG-3).

Vaccines and Cell therapies

Cancer vaccines either treat existing cancer (therapeutic vaccine) or prevent development of cancer (prophylactic vaccine) in healthy individuals. The mode of action typically is to expose the human immune system to known antigens that are often expressed by the cancer, and a therapeutic vaccine boosts the patients' immune system to fight the cancer. The most advanced cell therapy for cancer is adoptive T cell therapy (ACT), consisting of the adoptive transfer of autologous ex-vivo-expanded tumor infiltrating T cells (TILs). More recently, transfer of genetically modified T cells expressing tumor antigen specific T cell receptor (TCR) or a so-called "chimeric antigen receptor" (CAR), is being developed and clinically tested.

Oncolytic Therapies

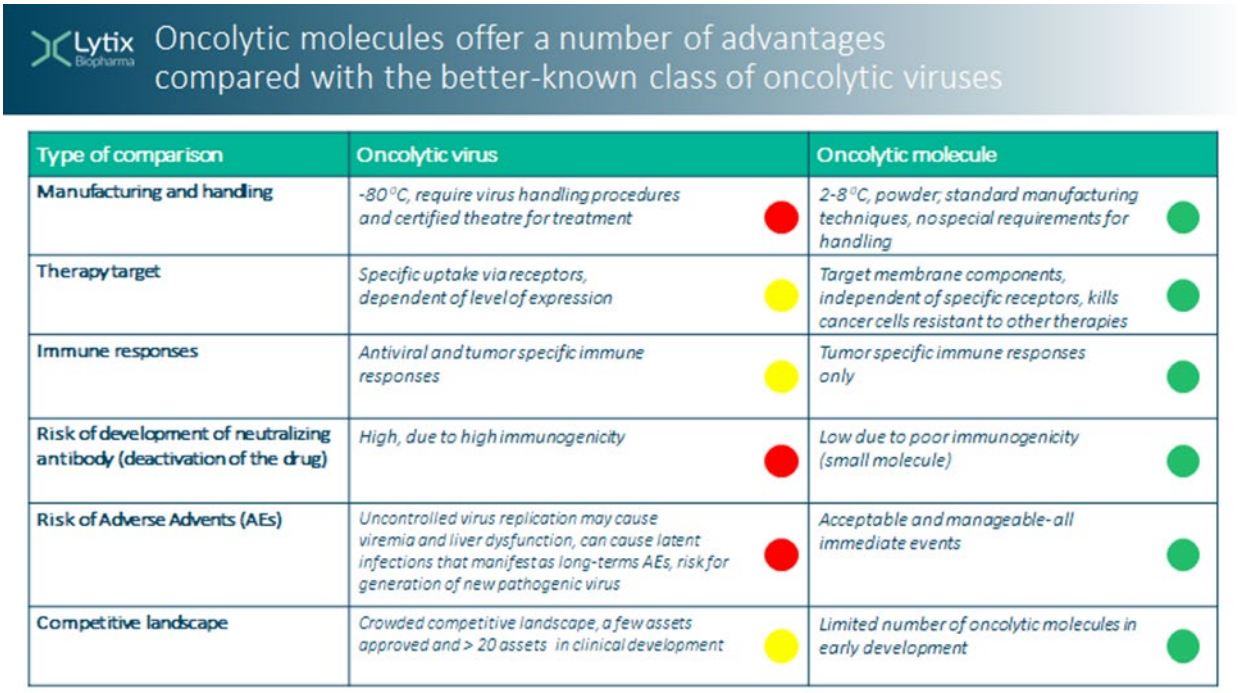
Oncolytic therapy is one type of tumor-directed immunotherapy that causes lysis or destruction of cancer cells. The cell lysis results in a release of tumor specific antigens and immune stimulants that can trigger the immune system to recognise and attack cancer cells. Oncolytic therapies are mostly administered locally into the tumor. Oncolytic viruses and oncolytic peptides are both oncolytic therapies.

4.5.5.2 Competitive landscape within oncolytic therapy

Lytix' oncolytic molecules work in synergy with immune check inhibitors, immune stimulants and cell therapies. The main competitors are found within the class of oncolytic viruses. Oncolytic virus therapy is based on the concept of using live viruses to selectively replicate in cancer cells, with minimal destruction of normal tissue. Replication amplifies the input dose of the oncolytic virus and helps spread the agent to adjacent tumor cells. The first gene-based products were Gendicine® and Oncorine®, which entered the Chinese market in 2003 and 2006, respectively. However, after more than 10 years in the market, the products are still only approved in China and have a combined sale of only USD ~8 million in 2017.[12] The only oncolytic virus approved in the Western world is Imlygic™ marketed by Amgen. Imlygic™ was approved in 2015 as monotherapy in advanced melanoma, but still only has worldwide sales of between USD 60-80 million.[13] The limited commercial success of oncolytic viruses so far is mainly driven by biological issues related to viral tropism, delivery platforms, viral distribution, dosing strategies, antiviral immunity, and oncolysis.

The main differences between oncolytic viruses and Lytix' lead oncolytic molecule LTX-315 are described below.

[12] Next Generation Therapies and related Life Science topics, Deloitte, 2020
[13] Annual sales report Imlygic™, Global Data.com, 2020



4.5.5.3 Key indications for Lytix' oncolytic molecules

Lytix is focusing on a set of key indications within solid tumors selected based on: (a) the degree of patients with stage III-IV disease with accessible lesions, and (b) where checkpoint inhibitors are established and further expanding.

Malignant melanoma (advanced/metastatic)

Malignant melanoma, or skin cancer, occurs at all ages. The average age of diagnosis is 55 years for both women and men. Malignant melanoma is divided into different stages based on tumor size, whether the cancer cells have spread to lymph nodes, and if there are metastases in other parts of the body. Malignant melanoma in stages III and IV is commonly referred to as inoperable and metastatic malignant melanoma, and at that point the cancer has spread to other organs, such as lymph nodes, lungs, brain, liver or bones.

In 2026, the annual incidence of melanoma diagnosis in the seven major markets is estimated to be around 200,000 patients, with 21,000 patients diagnosed with stage III and IV disease, this means a market with a total value of USD 5.5 billion.[14] Patients are stratified according to BRAF V600 mutational status, and current standard of care is either to receive a drug cocktail targeting the specific mutation, or a cocktail consisting of checkpoint inhibitors. Response rates to immuno-oncology varies from 10–40% with monotherapy up to 60% with checkpoint inhibitor combinations.

95% of the patients will have accessible lesions and are eligible for oncolytic molecule treatment, thus the total addressable market in stage III and IV melanoma is estimated to be around 20,000 patients annually in the seven major markets.[15] Lytix is planning to start a Phase II study in early-stage melanoma which represent a larger commercial market that later stage melanoma.

Breast cancer (advanced/metastatic)

In 2026, the incidence of invasive breast cancer in the eight key markets is estimated to be around 1 million, with around 200,000 of these patients having stage III-IV disease at time of diagnosis.[16] The two markets with the highest

[14] GlobalData.com, Melanoma – Global drug forecast and market analysis to 2026, 2017
[15] IMS Consulting Group, market survey 2015
[16] GlobalData.com, HER2-negative breast cancer: Global drug forecast and market analysis to 2028, February 2020

shares of patients will be the U.S. and China, with 30% of the patients each. Patients are stratified according to expression of the human epidermal receptor type 2 (HER2) and expression of hormone receptors. The patients then receive a cocktail usually consisting of chemotherapy, a HER2 targeting agent and an aromatase inhibitor. The HER2 negative population accounts for around 85 % of the total and is calculated to be worth more than USD 12 billion in 2028.

Of the patients with stage III-IV disease, around 20% are estimated to have accessible lesions, which constitute around 50,000 patients per year.[17]

Soft tissue sarcoma (advanced/metastatic)

Soft tissue sarcomas are rare and difficult to treat in the advanced stage, representing a smaller group of patients but with a very high unmet medical need. Most often, metastatic soft tissue carcinoma spreads to the lungs, while skeletal and lymphatic metastases are unusual. Surgery and/or chemotherapy and/or radiotherapy are being used as standard treatment.

Most soft tissue sarcomas have accessible lesions, and it is estimated that around 5,000 patients will be eligible for therapy with LTX-315 per year.[18]

Soft tissue sarcoma provides an opportunity to be granted an orphan drug designation which give additional benefits regarding market exclusivity, financial assistance, and reduced application fees.

Liver cancer

The global liver cancer therapeutics market size attained a value of USD 2.50 billion in 2023, driven by the rising prevalence of liver cancer and the growing demand for effective treatment options across the globe. The market is anticipated to grow at a CAGR of 19.85% during the forecast period of 2024-2032 to reach a value of USD 12.78 billion by 2032.[19]

Basal Cell Carcinoma

The global basal cell carcinoma treatment market size was valued at USD 6.80 billion in 2022 and is projected to grow at a compound annual growth rate (CAGR) of 8.03% from 2023 to 2030.[20]

4.5.6 *Intellectual property rights*

Securing intellectual property rights ("**IPR**") is of critical importance for the protection of Lytix' technology platform and the long-term value generation for the Company and its licensees. Lytix has designed and implemented an IPR strategy to secure and expand the protection of its technology platform.

The Company has succeeded in securing patent rights for its oncolytic peptides in all relevant markets worldwide and has filed patent applications to protect new related therapies in key markets, including the United States, Europe, and Japan. At present, the Company's patent portfolio consists of the following patent families.

[17] IMS Consulting Group, market survey 2015
[18] BackBay Market Report – December 2018
[19] Global Liver Cancer Therapeutic Market Outlook 2024-2032
[20] Grand View Research: Basal Cell Carcinoma Treatment Market Size, Share & Trends Analysis Report and Segment Forecasts, 2023 – 2030

LTX-315 Patent Portfolio

PRODUCT/COMPOUND	CLAIM TYPES	EP (EU/EEA+)	US	JP	OTHER (*PENDING)
LTX-315 WO 2010/060497	Composition-of-matter claims	**Granted** expires 2029	**Granted** expires 2032	**Granted** expires 2029	AU, BR, CA, CN, IN, KR, NZ, RU, SG
LTX-315 **Combination w. Checkpoint Inhibitors** WO 2016/091487	Methods-of-use claims	**Granted** expires 2035	**Granted** expires 2035	**Granted** expires 2035	AU, AU2, AU3*, US2*
LTX-315 **Combination w. Chemotherapeutics** WO 2016/091490	Methods-of-use claims	**Granted** expires 2035	**Granted** expires 2035	**Granted** expires 2035	AU
T-cell clonality WO 2017/134175	Method of manufacturing, treatment and composition claims	**Pending**	**Pending**	**Granted** expires 2037	AU, CN*, KR*
315-Formulation Priority application filed in 2022	Composition and method of treatment claims				

LTX-401 Patent Portfolio

PRODUCT/COMPOUND	CLAIM TYPES	EP (EU/EEA+)	US	JP	OTHER (*PENDING)
LTX-401 WO 2011/051692	Composition-of-matter claims	**Granted** expires 11/2030	**Granted** expires 11/2030	**Granted** expires 11/2030	AU, BR*, CA, CN, IN, KR, NZ, RU, RU2, SG
T-cell clonality WO 2017/134175	Method of manufacturing, treatment and composition claims	**Pending**	**Pending**	**Granted** Expires 02/2037	AU, CN*, KR*
401-Formulation Priority application filed in 2023	Composition and method of treatment claims				

Additional exclusivity Europe/EEA: up to 5.5 years patent term extension and 10 years market exclusivity from approval of a drug comprising LTX-315/LTX-401.

Additional exclusivity the United States: up to 5 years patent term extension and up to 5.5 years market exclusivity from FDA approval of a drug comprising LTX-315/LTX-401.

As part of its business, the Company is, and will typically at any time be, in discussions and negotiations with third parties regarding partnerships, collaborations, licenses and other types of business relationships.

4.5.7 *Collaborations and Scientific Advisory Board*

Lytix has established strong collaborations with several highly reputed institutions in the U.S. and Europe. Together with the Institute Gustave-Roussy (Paris, France) (Profs. L. Zitvogel and G. Kroemer), Weill Cornell Medical College (Prof. S. Demaria and Ass. Prof. Laurenzo Galluzzi) and UiT The Arctic University of Norway (Tromsø, Norway), Lytix is further investigating how the immune system is responding to its oncolytic molecules alone and in combinations. These strong collaborations are confirming the potential of LTX-315 becoming one of the cornerstones in future combination therapies within immuno-oncology.

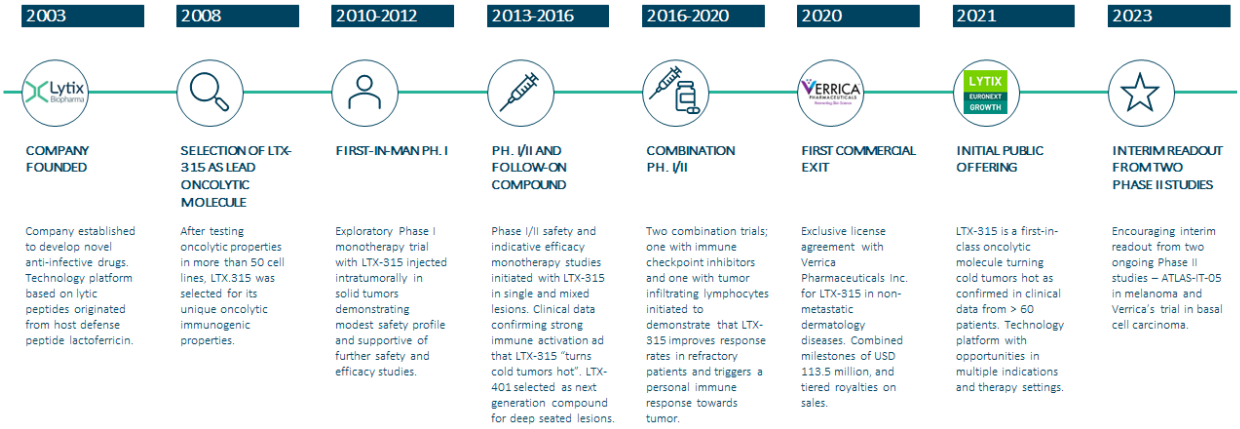
Lytix has an advisory board comprised of internationally recognised key opinion leaders within immuno-oncology, including the Nobel Prize winner Jim Allison for his discovery of an immune checkpoint inhibitor:

- James Allison (M.D. Anderson Cancer Center);
- Robert Andtbacka (University of Utah School of Medicine);
- Aurélien Marabelle, (Institut Gustave-Roussy); and
- Pam Sharma (M.D. Anderson Cancer Center).

4.5.8 *Legal and arbitration proceedings*

From time to time, the Company may become involved in litigation, disputes, and other legal proceedings arising in the course of its business. The Company has not been, during the course of the preceding 12 months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

4.6 History and important events



The table below shows the Company's key milestones from its incorporation and to the date of this Prospectus:

Year	Event
2003	Lytix founded.
2010-2012	First-in-man exploratory Phase I trial – monotherapy – single lesion, all solid tumors.
2013-	Phase I/II trial – monotherapy – multiple lesions, all solid tumors, long schedule.
2014-	Collaboration with Profs. L. Zitvogel and G. Kroemer at Gustave Roussy, Paris.
2016	Collaboration with: Prof. M. Pittet at Harvard University, Boston, Dr. J. Oppenheim at the National Cancer Institute, and Prof. G. Mælandsmo at the University of Oslo.
2016	ATLAS-IT-03, a Phase I/II trial, amended – multiple lesions, compressed schedule. Monotherapy – all solid tumors. Combination with Yervoy – malignant melanoma. Combination with Keytruda – triple-negative breast cancer.
2017	Collaborations with: Dr. S. Demaria at Weill Cornell Medicine, New York, Prof. Schreiber at Washington University, St. Louis, and Prof. B. Brodin at Karolinska Institutet, Stockholm.
2019	First patient recruited in ATLAS-IT-04, a Phase II clinical trial – Monotherapy – adoptive T cell transfer (ATCT) setting in sarcoma at Herlev Hospital, Denmark.
2019	Clinical study report completed for ATLAS-IT-03 a Phase I/II trial
2019	Nobel laureate Dr. Jim Allison and Dr. Pam Sharma appointed as strategic advisors and members to the scientific advisory board.
2020	Entered into a licensing agreement with Verrica for LTX-315 in dermatologic oncology indications.
2021	The Company raised NOK 225 million and the Company's shares were admitted to trading on Euronext Growth Oslo.
2021	The first patient started treatment in ATLAS-IT-05, a Phase II clinical trial evaluating intratumoral injection of Lytix' lead drug candidate, LTX-315 in combination with Keytruda at M.D. Anderson Cancer Centre, Houston, Texas.
2022	The first patient dosed in Verrica's Phase II study evaluating LTX-315 for the treatment of basal cell carcinoma (skin cancer).
2022	Clinical results from ATLAS-IT-04 presented at the American Society of Clinical Oncology (ASCO) 2022 Annual Meeting.
2022	Data describing how LTX-315 treatment activates dendritic cells (DCs), that are critical for a proper priming of tumor-specific T cells, were presented at the Society for Immunotherapy of Cancer's 37th Annual Meeting (SITC 2022).
2023	Lytix decided to support an investigator-led neoadjuvant Phase II study with LTX-315 at Oslo University Hospital, Radiumhospitalet, in melanoma patients.

2023	Lytix' licensing partner Verrica reported interim lesion clearance data from a Phase II study of LTX-315 for the treatment of basal cell carcinoma (BCC).
2023	Lytix reported encouraging preliminary clinical data from ATLAS-IT-05 at the European Society of Medical Oncology Congress 2023 (ESMO 2023)
2023	The Research Council of Norway approved Lytix's application for up to NOK 14.3 million (USD 1.3 million) of non-dilutive financial support from the "SkatteFUNN" R&D tax incentive scheme

4.7 Planned investments in the coming 12-months

Please see Section 5.1 "Background, reasons for the Offering and use of proceeds".

4.8 Related party transactions

On March 1, 2024, the Company entered into a consulting agreement with Marie-Louise Fjällskog, who is a member of the Board of Directors, in accordance with customary terms. Both parties have agreed to revise the agreement after three months. Marie-Louise Fjällskog will assume on the position as Interim CMO. Marie-Louise Fjällskog has long experience as a CMO in the immune-oncology field.

Other than as set out above, the Company has not entered into any related party transactions in the period from 1 January 2022 and up until the date of this Prospectus.

4.9 Material agreements

Except for the contracts listed below, the Company has not entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Prospectus. Furthermore, the Company has not entered into any other contract outside the ordinary course of business that contains any provisions under which the Company has any obligation or entitlement that is material to the Company as of the date of this Prospectus.

4.9.1 *Verrica Pharmaceuticals, Inc.*

On 11 August 2020 Lytix announced that it had entered into an exclusive worldwide license agreement with Verrica Pharmaceuticals Inc. ("**Verrica**") (NASDAQ: VRCA), to develop and commercialise LTX-315 for dermatologic oncology indications. Verrica is a dermatology therapeutics company developing medications for skin diseases requiring medical interventions. The company intends to focus initially on basal cell and squamous cell carcinomas as the lead indications for development of LTX-315.

Under the terms of the agreement, Lytix is entitled to receive an upfront payment, contingent regulatory milestones based on achievement of specified development goals, and sales milestones, with aggregate payments of up to USD 113.5 million, in addition to tiered royalties based on worldwide annual sales. The agreed upon royalty rates start in the low double digits and increase to the mid-teens based on net sales achieved. Lytix has so far received an upfront payment and two milestone payments (IND approval and first patient treated) totalling USD 3.5 million.

Verrica is solely responsible for the development, regulatory filings, and commercialisation of LTX-315 in dermatology. Verrica will assume responsibility for the manufacturing of the LTX-315 drug product, while Lytix is responsible for manufacturing the active pharmaceutical ingredient. The license includes worldwide rights for Verrica to develop and commercialise LTX-315 for all malignant and pre-malignant dermatological indications, except for metastatic melanoma and metastatic Merkel cell carcinoma, which Lytix maintains all rights for.

Verrica intends to initially focus on basal cell carcinoma as the lead indication for development of LTX-315. In November 2021, Verrica received IND approval from the US FDA to initiate a Phase II clinical trial in basal cell carcinoma, and the first patient was recruited to the study in April 2022.

Data from Part 1 of this study were presented in August 2023, showing complete clinical and histological clearance of basal cell carcinoma lesions in four out of six patients and 95% and 30% histological clearance in the remaining two patients. In January 2024, Verrica announced that they had finalised the recruitment and dosing of patients in their Phase II study and that they will complete the study and publish the initial results in the first half of 2024.

The American Cancer Society has estimated that about 5.4 million basal cell carcinoma (BCC) and squamous cell carcinomas (SCC) are diagnosed in the US annually. With about 80% of these skin cancers being BCC, there is a significant potential for new treatment options.

4.10 Risks related to the business and industry in which the Company operates

Investing in the Offer Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Prospectus, including the Financial Statements and related notes. The risks and uncertainties described in this Section 4.10 and Section 5.13 are the principal known risks and uncertainties faced by the Company as of the date hereof that the Company believes are the material risks relevant to an investment in the Offer Shares. An investment in the Offer Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialise, individually or together with other circumstances, it could have a material and adverse effect on the Company and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Offer Shares. The risks and uncertainties described below are not the only risks the Company may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence or of their severity or significance. The risks mentioned herein could materialise individually or cumulatively.

The Company is dependent on the success of its product candidate LTX-315 and subsequent product candidates

Lytix is in the mid-to-early stage in the development of the Company's product candidates. The Company's main product candidate, LTX-315, has been tested in a combined Phase I/II study as monotherapy and in combination with two checkpoint inhibitors. The Company is dependent on the success of its product candidate LTX-315 and subsequent product candidates. At present, the Company has a total of two product candidates in its project portfolio, with LTX-315 being the product candidate which has been in development the longest and is the closest to commercialisation. Lytix has invested significant amounts in the development of LTX-315, and significant investments remain to be made before LTX-315 can be commercialised. In addition, Lytix will need to invest significant amounts in the development of other product candidates. It is not possible to assess at present the level of future investment that will be required or when LTX-315 and subsequent product candidates will be able to be commercialised.

There is a risk that the Company will need to stop the development of LTX-315 and subsequent product candidates, either temporarily or permanently, because of the occurrence of negative events that are beyond the Company's control. Such negative events could be, for example, lack of funding, negative results in clinical trials (in the form of lack of efficacy and/or serious side effects), or failure to obtain the necessary authorisations and approvals. Such events may occur suddenly, may be hard to predict and may potentially mean that investments made no longer have any value.

The success of the Company's product candidate LTX-315 and subsequent product candidates will depend on various factors, including the successful completion of clinical trials, meaning clinical results that are statistically significant and clinically relevant, that the product candidates' quality and stability can be maintained at an adequate level and that the necessary authorisations are obtained from supervisory bodies.

In addition, it should be noted that Lytix' product candidates all relate to the treatment of cancer through what is known as immunotherapy. There is a risk that this non-diversified product portfolio will prove to be less adequate if the research area in general should suffer problems, or if one of the Company's competitors succeeds in developing and commercialising alternative products, i.e. products that do not utilise immunotherapy but which successfully treat the conditions and diseases for which the Company is developing its product candidates.

There is overall a risk that the future development of the Company's product candidate LTX-315 and subsequent product candidates will not be successful. If the Company is unable to commercialise the product candidate LTX-315 or subsequent product candidates, or if commercialisation is subject to significant delay, this will have a material adverse effect on the Company's operations, earnings and financial position.

The Company's compensation under the exclusive license agreement with Verrica is dependent on the success of its product candidate LTX-315

The Company has entered into an exclusive license agreement (the "**License Agreement**") with Verrica dated 7 August 2020, pursuant to which the Company has granted Verrica an exclusive royalty-bearing license to research, develop, manufacture and commercialise LTX-315. During the term of the License Agreement, the Company cannot research, develop or commercialise any products for use for non-metastatic dermatological indication. Verrica will run its own clinical program at own cost for LTX-315 in selected indications within the rights granted.

As compensation for the exclusive license, Verrica has paid the Company an upfront payment of USD 250,000, a one-time payment of USD 2,250,000, triggered by the recent IND clearance by FDA, and a one-time payment of USD 1,000,000, triggered by the first patient treated in Verrica's Phase II trial with LTX-315 in basal cell carcinoma. In addition, there are future regulatory milestone payments subject to the achievement of certain development milestone events (in total USD 20,000,000) and sales milestones (in total USD 90,000,000). Verrica is also obligated to pay tiered double-digit royalties in the teens on aggregate annual net sales of all products in the licensed field during the applicable royalty term as further described in the License Agreement.

No assurances can be made that Verrica's further development of LTX-315 within non-metastatic dermatological indications will be successful and that the milestone events will be achieved. Should Verrica's development and commercialisation of LTX-315 be unsuccessful, or should the process prove more time-consuming and/or costly than expected, this will have a material adverse effect on the Company's operations, earnings and financial position going forward.

Verrica has filed a 10-Q with the U.S. Securities and Exchange Commission regarding the license agreement. The agreement specifies rights and obligations for each party, and Verrica has rights to some, but not all indications Lytix is investigating regarding LTX-315. No assurances can be made that Lytix will be able to complete additional license agreements and business partnerships for LTX-315 in those indications not already included in the Verrica license agreement. This could have a material adverse effect on the Company's operations, earnings and financial position.

Clinical trials may produce negative results or fail to demonstrate the required safety and efficacy

The Company is currently carrying out a clinical trial with the product candidate LTX-315, both as monotherapy and in combination with other therapies. Within the framework of clinical trials, the Company may experience a lack of efficacy in studies on test groups, or unexpected side effects during the clinical development program, in some or all of the on-going and future programs. This may mean temporary delays in the Company's clinical studies, or that clinical studies have to be stopped completely.

If the clinical trials carried out by the Company produce negative and/or undesirable results, or fail to demonstrate the safety and efficacy required by the relevant supervisory body, this may involve extra costs for the Company, may mean delays in the completion of the product candidate, or may mean that the Company is unable to complete or commercialise the product at all. There is also a risk that the relevant supervisory body asks the Company to carry out further clinical trials, or that the Company abandons a product development program as a result of, for example, the risks of side effects.

Failures in clinical trials may occur at each step of the trial process. There is a risk that the result of the Company's preclinical studies will not accord with the results of more extensive trials, and results of earlier clinical trials do not necessarily mean that later clinical trials carried out by the Company will be successful. Moreover, interim results of a clinical trial are not necessarily an indication of the end result. In addition, it should be noted that preclinical and clinical data that the Company collects can as a rule be interpreted in different ways, and that there is a risk that the Company will fail to get a product candidate authorised for sale even in the event that the Company was of the opinion that the product candidate in question behaved satisfactorily in preclinical studies and clinical trials.

Overall, negative and/or undesirable results or failures to demonstrate the necessary safety and efficacy in clinical trials could have a material adverse effect on the Company's operations, financial position and earnings.

Lytix may experience problems and unforeseen events during, or as a result of, clinical trials

The Company may experience problems and unforeseen events during, or as a result of, clinical trials, which may delay or impede the Company's ability to obtain the necessary authorisations from the relevant supervisory body or to commercialise a product candidate.

There is a risk, for example, that the Company will have difficulties identifying, evaluating and recruiting suitable patients who are able to take part in clinical trials of the Company's product candidates. Should this happen, it may delay or make it impossible to continue the research into and development of product candidates and products, which would have a material adverse effect on the Company's operations, financial position and earnings.

There is also a risk that operators with which the Company works, or that have been engaged by the Company to carry out clinical trials, fail to comply with statutory requirements or to meet their contractual obligations, either on time or at all. The Company may also be forced, e.g. by a supervisory body or institutional review committees, to temporarily stop or permanently end clinical research for various reasons, including but not limited to, the lack of compliance with statutory requirements or because the participants are exposed to unacceptable health risks. The cost of clinical trials may finally prove to be greater than was first estimated for a number of reasons, only some of which are within the Company's control. Should any of the risks discussed above occur, this would have a material adverse effect on the Company's operations, financial position and earnings.

There is a risk that the Company will not obtain the necessary authorisations and approvals

There is a risk that the Company will not obtain the necessary authorisations and approvals from supervisory bodies in relevant markets, such as the Norwegian Medicines Agency (Nw.: *Statens legemiddelverk*), the European Medicines Agency ("**EMA**") in the EU and the Food and Drug Administration ("**FDA**") in the USA, or that these authorisations will be considerably delayed. If this risk materialises, it will mean that the Company is unable to commercialise products developed, which in turn would make the Company unable to generate revenue.

If the Company's product candidates and products do not have the quality, stability and effect expected, and/or prove to have undesirable side effects, there is an increased risk that the Company will not be able to obtain the necessary approvals from supervisory authorities, which may delay or hinder further pharmaceutical development and restrict or prevent commercial use of the product candidates.

The process of obtaining authorisation from supervisory bodies is costly and usually takes several years. The process may moreover be delayed significantly if further clinical trials are required, or if the quality of the Company's product candidates does not meet the requirements for carrying out clinical trials, and tends to vary in complexity between different jurisdictions because of, for example, the type of product candidate and the complexity of the product candidate. In addition, changes in applicable rules and policies may cause delays or rejections in the event that these changes take place during the development period for a product candidate or during the period in which the product candidate is subject to trials.

It should be noted that supervisory bodies generally have a significant margin of discretion in authorisation processes, and that these supervisory bodies may choose not to accept an application for various reasons. A supervisory body may also decide that the information in an application is not sufficient for an authorisation and require further preclinical, clinical or other studies. The fact that data that has been obtained in preclinical and clinical trials can normally be interpreted in different ways may also delay, limit or prevent authorisation of a product candidate.

Where the Company receives authorisation, this is generally for a limited geographical area or time period and/or is potentially subject to restrictions or further commitments after authorisation, which make the product candidate not commercially viable. In addition, in certain jurisdictions the product candidate is required to be approved by public authorities that fund health care before the product can be authorised for sale in the jurisdiction concerned.

The Company's product candidates need to achieve a sufficiently high level of market acceptance in order to become a commercial success

There is a risk that the Company's product candidates, despite having been given the necessary authorisations in relevant markets, will not succeed in achieving a sufficiently high level of market acceptance among doctors, patients, public authorities that fund health care and the rest of the health care and medical sector, and there is a risk that the Company, and/or its commercial partners, will not succeed in developing the necessary relationships with

customers, users and buyers. Lytix has not commercialised a product candidate to date, and there is a risk that the Company will not be able to commercialise a product candidate successfully in the future. If the products do not achieve a sufficiently high level of market acceptance, this may result in the Company not becoming profitable. Assuming that they are authorised for commercial sale, the degree of market acceptance of the Company's product candidates will depend on a number of factors, including but not limited to: (i) the product's efficacy and potential advantages compared with alternative therapies, (ii) the possibility of offering the product for sale at competitive prices and with the necessary availability, (iii) the target patient population's willingness to try new therapies and doctors' willingness to prescribe these therapies, (iv) the effectiveness of sales, marketing and distribution support, and (v) the occurrence or degree of severity of side effects.

Lytix is dependent on being able to maintain its current intellectual property and being able to develop and protect future intellectual property

The Company's current patent portfolio consists of several patent families, including granted patents in some jurisdictions and patent applications that are pending in other jurisdictions. If the Company is unable to obtain and/or maintain patent protection for its technology, or if the scope of the patent protection obtained is not sufficiently broad, the Company's competitors may develop and commercialise technology and products that are similar or identical to the Company's products. If this occurs, it will have a material adverse effect on the Company's ability to successfully commercialise its technology and its products.

If, by mistake or for other reasons, the Company, a third party or the inventors of the technology covered by the Company's patents or patent applications disclose the invention before the patent application in question is published, this may further affect the Company's patent protection or, where relevant, the prospects of obtaining patent protection. Furthermore, third parties may in the future undertake actions to invalidate the Company's granted patents. If Lytix does not succeed in protecting and maintaining its intellectual property, this may have a material adverse effect on Lytix operations, financial position and earnings.

In addition, patents granted already, and any patents granted in the future will be amended if the products change after a patent was granted, which may limit the scope of the patent protection. Moreover, inventors and/or others who have contributed to the invention of a technical object that has been granted a patent or is the subject of a patent application may bring claims against the Company. The claims may concern rights to the invention or rights to compensation because of the contribution that the inventor or another person made to the creation of the invention. There is a risk of the Company's present or future patent protection being adversely affected by one of the above factors. In the Company's opinion, the patent situation for biotechnology and pharmaceutical companies is generally uncertain, involves complex legal and factual issues and, in the Company's opinion, has been subject to a large number of disputes in recent years. Consequently, there is a risk that Lytix will not be able to maintain patents granted and other intellectual property, or that future registration applications will not be granted. If Lytix does not succeed in protecting and maintaining its intellectual property, this may have a material adverse effect on Lytix operations, financial position and earnings.

In addition, there is a risk that Lytix will be guilty of, or will be alleged to have been guilty of, infringement of others' intellectual property, which may result in costs for either the defense or settlement of disputes concerning infringement. In the event that Lytix has infringed the intellectual property of others, Lytix may be required to develop alternatives or buy licenses or other types of rights to use the intellectual property concerned. If these risks should materialise, it could have a material adverse effect on Lytix operations, financial position and earnings.

Lytix is dependent on key personnel

The Company is dependent on the knowledge, experience and commitment of its employees and of the consultants engaged by the Company for Lytix' future development. In addition, Lytix has a continuous need to recruit and retain personnel with a high degree of technical experience and specialist knowledge concerning the operations conducted by the Company, including, but not limited to, preclinical studies, clinical trials, manufacturing and supply and partnerships. If Lytix was to lose one or more key individuals and/or fail to recruit key personnel in the future, this could have a material adverse effect on the Company's operations, earnings and financial position.

Lytix is dependent on the Company's and the respective product candidate's brand and reputation, as well as on the brand and reputation of the Company's suppliers and partners

Lytix is dependent on the Company's and the respective product candidate's brand and reputation, as well as on the brand and reputation of the Company's suppliers and partners (e.g. in the form of researchers, academic institutions, clinical research organisations and contract manufacturing organisations), and Lytix is exposed to the risk of these brands being weakened. If Lytix, its suppliers or other parties with which it collaborates do not fulfil agreements entered into, comply with applicable laws and rules, ensure the necessary ethical and moral conditions for the operations conducted or give due consideration to the environment and take adequate social responsibility, for example, this may damage Lytix' brand and reputation, and thus have an adverse effect on the Company's operations, financial position and earnings.

The Company is dependent on collaboration with various third parties and partners for the development and commercialisation of the Company's product candidates

The Company is dependent on collaboration with various third parties and partners for the development and commercialisation of the Company's product candidates. The Company has entered into agreements with external Contract Manufacturing Organisations (CMO) for the manufacture of both the drug substance and drug product used in all the clinical and preclinical studies. The Company has also contracted external Contract Research Organisations (CRO) to perform clinical and preclinical studies and for other development-related processes. There is a risk that these contractors will not comply with all the relevant laws, rules and ethical standards, such as Good Manufacturing Practice (GMP), Good Laboratory Practice (GLP) and Good Clinical Practice (GCP).

In addition, there is a risk that current and future manufacturers and operators with which the Company has signed agreements will fail to deliver in accordance with the agreements entered into. In this event, it may lead to delays and increased costs that affect the development of the Company's product candidates and products. Changing manufacturers and/or suppliers may also involve increased costs and be time-consuming.

If the Company is unable to establish the necessary collaborations in the future with relevant third parties and partners on advantageous terms for the Company, or if the Company's current partners fail to comply with applicable laws, rules and ethical standards, or fail to deliver in accordance with agreements entered into, there is a risk that the Company will be unable to commercialise the Company's product candidates' market potential at the rate that the Company would like to.

While the collaborations with third parties and partners are necessary for the Company, the collaborations expose Lytix to risks to which the Company would not be exposed to if these collaborations had not been entered into. For example, there is a risk that Lytix will not receive full financial and/or intellectual ownership rights to product candidates and products that Lytix develops together with third parties and partners. The fact that the development of the Company's product candidates and products takes place together with another party also automatically means that the Company does not retain full control over the operations. If the Company is not able to manage these collaborations adequately, and the risks that follow from the fact that to a certain extent Lytix has handed over control of the operations, this may have an adverse effect on the Company's operations, earnings and financial position.

Future selling prices and/or levels of reimbursement may vary substantially

Most national markets for pharmaceutical drugs are regulated, and drug prices and levels of reimbursement are affected by authorities, other care providers, insurance companies and/or health care organisations. The success of the commercialisation of Lytix' product candidates and products will depend in part on public care providers, public sickness insurance systems and private insurance solutions and other operators subsidising or bearing the full cost of the Company's products, and there is a risk that the Company's products will not meet the requirements for obtaining public or private subsidies or contributions. If the Company's product candidates and products should fail to be given the necessary public and private subsidies and contributions, this would have an adverse effect on Lytix operations, earnings, and financial position.

It is in the Company's opinion, that total health care costs have increased in recent decades and governments all over the world are endeavoring to control the costs of health care. There is a risk that the selling prices and/or levels of reimbursement for the Company's products will not reach the levels required in order for the Company's products to be profitable. The selling prices and levels of reimbursement may also vary substantially between different jurisdictions and over time, which may make it difficult for the Company to forecast which products will be profitable

over time. A selling price level and/or level of reimbursement that is far too low or variable may overall have an adverse effect on the Company's operations, earnings and financial position.

The market for the development and commercialisation of drugs is highly competitive

The Company operates in a market that is very competitive, and there is a risk that the Company's competitors may discover, develop and/or commercialise products before, or more successfully, than the Company. The Company's competitors in the market for immunotherapy include not only large pharmaceutical corporations, but also specialised pharmaceutical companies and biotechnology companies, and the Company's competitors are geographically located all over the world. Potential competitors also include academic institutions, authorities and other public and private research organisations that conduct research, development, manufacture and commercialisation, and that apply for patent protection, which could limit the Company's freedom-to-operate, including these entities establishing partnerships with the Company's direct competitors.

The competitive situation is changeable, and third parties that Lytix does not currently consider to be competitors of the Company, may in future become so, for example because of greater financial resources or structural deals within the pharmaceutical sector.

It should be noted that there is a number of pharmaceutical and biotechnology companies that are more progressed than the Company in the commercialisation of products within immunotherapy. In addition, there is a risk that pharmaceutical and/or biotechnology companies will develop product candidates and products which are better than immunotherapy to treat the conditions and diseases for which the Company is developing its product candidates. The Company's products are injected intratumorally. There is a risk that pharmaceutical and/or biotechnology companies will develop product candidates and products which are deemed to have a more convenient route of administration by the health authorities depending on e.g. the patient population or re-imbursement regulations, including but not limited to tablets, capsules and infusions.

Lytix' commercial opportunities may decrease or be eliminated entirely if one or more of the Company's competitors develop and commercialise products that are safer, more effective, cheaper and/or have fewer or less serious side effects than the Company's future products. There is also a risk that Lytix' competitors will obtain authorisations from regulatory authorities, such as the EMA or FDA, before Lytix receives the necessary authorisations, which may result in Lytix' competitors being able to launch their products and potentially establish a strong market position before Lytix is able to get into the market. If this happens, it may have a material adverse effect on Lytix' ability to commercialise the Company's product candidates.

5 THE OFFERING AND THE OFFER SHARES

5.1 Background, reasons for the Offering and use of proceeds

5.1.1 *Background and pre-commitments*

Lytix is a clinical stage biotech company, which is accumulating financial losses. The current cash position of the Company will fund planned activities for the first half of 2024. The Offering will provide the Company with additional funding for the Company's operations and future development.

The Company has received binding pre-commitments and subscription guarantees in the Offering. The pre-commitments in the Offering amount to a total of NOK 40 million and the subscription guarantees amount to a total of NOK 10 million. For further details on the terms of the pre-commitments and subscription guarantees, please see Section 5.15 "Pre-commitments and guarantee".

5.1.2 *Reasons for the Offering and use of proceeds*

If the Offering is completed, and the Company achieves gross proceeds of at least NOK 50 million, the proceeds together with existing cash is expected to finance the Company into 2025.

The Company currently anticipates that it will use existing cash and the net proceeds from the Offering, *inter alia*, for the following purposes:

- Co-finance a neoadjuvant study with LTX-315 in melanoma patients with resectable tumours in collaboration with the Norwegian Cancer Hospital (Radiumhospitalet) in Oslo, Norway.

- Finance the completion of the ATLAS-IT-05 trial to assess the efficacy and safety of LTX-315 in combination with pembrolizumab in patients with advanced stage III-IV melanoma.

- Finance any potential appropriate follow-up steps, such as production and supply of API, once results of Verrica's phase II clinical trial for VP-315 (LTX-315) become available, expected mid-2024.

- Finance the Company's efforts for advancing LTX-401 into Phase I/IIa clinical trials.

- Continue the Company's research into molecules which are currently in discovery phase, and collaborations with external commercial and academic partners to increase the data robustness on the Company's products, and to support existing and new strategic partnerships.

At the date of this Prospectus, the Company cannot predict all of the specific uses for the net proceeds, or the amounts that will be actually spent on the uses described above. The exact amounts and the timing of the actual use of the net proceeds will depend on numerous factors, amongst others, progress, costs and results of the Company's preclinical and clinical development program as other developments in the field of cancer treatment, regulatory results and developments and business and commercial opportunities.

5.2 Conditions for completion of the Offering

The completion of the Offering is subject to (i) approval and allocation by the Board of Directors, and (ii) approval by the Company's general meeting of the issue of the Offer Shares. If the conditions have not been fulfilled by 30 May 2024, the Offering will be cancelled. The Company can at any time prior to this date, at its sole discretion, cancel the Offering for any reason without any liability towards the applicants.

5.3 Type and quantity of the Offer Shares

The Offer Shares are ordinary Shares in the Company with a nominal value of NOK 0.10 each. Between 9,541,973 and 10,509,802 Offer Shares will be issued based on the applications received by the Company during the Application Period.

5.4 Rights associated with the Shares, including the Offer shares

The Company has one class of shares in issue and all Shares provide equal rights in the Company, including the right to any dividends. Each of the Company's Shares carries one vote. The rights attached to the Shares are further described below.

5.4.1 *The Articles of Association*

The Articles of Association are enclosed in Appendix 1 to the Prospectus. Below is a summary of the provisions of the Articles of Association as of the date of this Prospectus.

5.4.1.1 Objective of the Company

Pursuant to section 3 of the Articles of Association, the Company's business objective is to develop, market and sell pharmaceutical and biotechnology products, as well as associated business activities. The Company may have ownership interests in entities within the same or related industries.

5.4.1.2 Share capital and par value

Pursuant to section 4 of the Articles of Association, the Company's share capital is NOK 4,006,831.90 divided into 40,068,319 shares, each with a par value of NOK 0.10.

The Shares shall be registered with a central securities depository (the Norwegian Central Securities Depository (VPS)) as set out in section 5 of the Articles of Association.

5.4.1.3 The Board of Directors

Pursuant to section 7 of the Articles of Association, the Board of Directors shall consist of between three and nine members as decided by the General Meeting. The chairperson of the Board of Directors shall be elected by the General Meeting.

5.4.1.4 Restrictions on transfer of Shares

The Articles of Association do not provide for any restrictions on the transfer of Shares. Pursuant to section 6 of the Articles of Association the Shares are freely transferrable.

5.4.1.5 Signatory right

Pursuant to section 8 of the Articles of Association, two Board Members acting jointly have the right to sign on behalf of the Company.

5.4.1.6 General meetings

Pursuant to section 9 of the Articles of Association, the annual General Meeting shall address and decide upon the following matters:

(i) Approval of the annual report and the annual accounts, including distribution of dividend; and

(ii) Any other matters, which according to law or statutes shall be addressed at the General Meeting.

5.4.1.7 Electronic distribution of documents

Pursuant to section 10 of the Articles of Association, documents relating to matters which shall be considered at the General Meeting, including documents which according to law shall be included in or attached to the notice convening the General Meeting, do not need to be sent to the shareholders if the documents have been made available on the Company's webpage. A shareholder may nevertheless request that documents relating to matters to be considered at the General Meeting are sent to the shareholder.

5.4.1.8 Nomination committee

Pursuant to section 11 of the Articles of Association, the Company shall have a nomination committee elected by the General Meeting, and instructions for such nomination committee shall be prepared.

5.4.2 *The Shares are subject to trading on Euronext Growth*

As mentioned in section 4.4.1 "Shares and share capital" above, the Shares are subject to trading on Euronext Growth. It is expected that the Offer Shares, if the Offering is completed, will be admitted to trading on Euronext Growth in connection with being delivered to the applicant's VPS account, expected to happen during the first half of May 2024.

5.4.3 *Certain aspects of Norwegian corporate law*

5.4.3.1 General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that a written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting is sent to all shareholders with a known address no later than two weeks before the annual general meeting of a Norwegian private limited liability company, such as Lytix, shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A general meeting may be conducted either in person or electronically. If a general meeting is held in person, shareholders have the right to participate and vote electronically, unless the board of directors decides otherwise based on legitimate grounds. Shareholders who are registered in their own name in the shareholders' register kept and maintained with VPS as of five business days prior to the date of a general meeting, are entitled to participate at general meetings without any requirement of pre-registration. Beneficial owners of shares in a Norwegian private limited liability company that are registered in the name of a nominee who wish to participate at a general meeting must give notice to the company no later than two business days prior to the general meeting, unless the board of directors have set a later deadline.

A shareholder may vote at the general meeting either in person or by proxy (the proxy holder is appointed at their own discretion). Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the board of directors considers it necessary. An extraordinary general meeting of shareholders shall also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 10% of the share capital demands such in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

5.4.3.2 Voting rights – amendments to the articles of association

Each Share in the Company carries one vote. In general, decisions shareholders are entitled to make under Norwegian law or the articles of association may be made by a simple majority of the votes cast. In the case of elections or appointments (e.g. to the board of directors), the person(s) who receive(s) the greatest number of votes cast is elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe for shares in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the articles of association, to authorise an increase or reduction of the share capital, to authorise an issuance of convertible loans or warrants by the Company or to authorise the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting in question. Moreover, Norwegian law requires that certain decisions, i.e. decisions that have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the articles of association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favor of the resolution, as well as the majority required for amending the articles of association.

There are no quorum requirements that apply to general meetings.

5.4.3.3 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to the articles of association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. The preferential rights may be deviated from by a resolution in the general meeting passed with the same vote required to amend the articles of association. A deviation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The General Meeting may, by the same vote as is required for amending the Articles of Association, authorise the Board of Directors to issue new Shares, and to deviate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered par share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be effected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States and other jurisdictions upon the exercise of preferential rights may require the Company to file a registration statement or prospectus in the United States under United States securities laws or in such other jurisdictions under the laws of such jurisdictions. Should the Company in such a situation decide not to file a registration statement or prospectus, the Company's U.S. shareholders and shareholders in such other jurisdictions may not be able to exercise their preferential rights. To the extent that shareholders are not able to exercise their rights to subscribe for new shares, the value of their subscription rights will be lost and such shareholders' proportional ownership interests in the Company will be reduced.

5.4.3.4 Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the General Meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 10% or more of the Company's share capital have a right to demand in writing that the Board of Directors convenes an extraordinary General Meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company places an item on the agenda for any General Meeting as long as the Company is notified in time for such item to be included in the notice of the General Meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the General Meeting has not expired.

5.4.3.5 Rights of redemption and repurchase of shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a General Meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a General Meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury Shares so acquired, and held by the Company must not lead to the share capital with deduction of the aggregate nominal of the holding of own Shares is less than the minimum allowed share capital of NOK 30,000, and treasury Shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the General Meeting of the Company's shareholders cannot be granted for a period exceeding two years.

5.4.3.6 Shareholder vote on certain reorganisations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the General Meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the General Meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate so, be made available to the shareholders on the Company's website, at least one month prior to the general meeting to pass upon the matter.

5.4.3.7 Liability of board members

Board Members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Board Members may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the General Meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the General Meeting passing upon the matter. If a resolution to discharge a Board Member from liability or not to pursue claims against such a person has been passed by a General Meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

5.4.3.8 Indemnification of board members

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

5.4.3.9 Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the General Meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

5.4.3.10 Takeover bids and forced transfers of shares

The Company is not subject to the takeover regulations set out in the Norwegian Securities Trading Act, or otherwise. The Shares are, however, subject to the provisions on compulsory transfer of shares as set out in the Norwegian Private Limited Companies Act. If a private limited liability company alone, or through subsidiaries, owns 9/10 or more of the shares in the subsidiary, and may exercise a corresponding part of the votes that may be cast in the general meeting, the board of directors of the parent company may resolve that the parent company shall take over the remaining shares in the company. Each of the other shareholders in the subsidiary have the right to require the parent company to take over the shares. The parent company shall give the shareholders a redemption offer pursuant to the provisions of the Norwegian Private Limited Companies Act. The redemption amount will in the absence of agreement or acceptance of the offer be fixed by a discretionary valuation.

5.4.4 *Dividends*

5.4.4.1 Dividend policy

The Company did not pay any dividends during the financial years ended 31 December 2022 and 31 December 2023. The Company is focusing on the development of pharmaceutical products and does not anticipate paying any cash dividend until sustainable profitability is achieved.

5.4.4.2 Legal and contractual constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Private Limited Companies Act, the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in force at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Private Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

Dividends may be paid in cash or in some instances in kind. The Norwegian Private Limited Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Private Limited Companies Act regulates what may be distributed as dividend, and provides that the Company may distribute dividends only to the extent that the Company after said distribution still has net assets to cover (i) the share capital and (ii) other restricted equity (i.e. the reserve for unrealized gains and the reserve for valuation of differences).

- The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorize the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

Pursuant to the Norwegian Private Limited Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the General Meeting when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian private limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises. The Norwegian Private Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends.

5.4.4.3 Manner of dividend payment

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder and will be paid to the shareholders through the VPS Registrar. Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

5.4.5 *Selling and transfer restrictions*

5.4.5.1 General

The issue of Offer Shares upon applying to subscribe in the Offering, to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Prospective investors should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to subscribe for Offer Shares in the Offering.

The Company is not taking any action to permit the offering of the Offer Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any jurisdiction other than Norway, the investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

Any person wishing to subscribe for Offer Shares under the Offering has the responsibility to satisfy himself/herself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. By applying for the Offer Shares, persons effecting applications will be deemed to have represented to the Company that they, and the persons on whose behalf they are applying for the Offer Shares, have complied with such restrictions.

5.4.5.2 The European Economic Area

In relation to each Member State of the EEA other than Norway, which has implemented the EU Prospectus Regulation (each a "**Relevant Member State**"), delivery of an offer of Offer Shares which are the subject of the Offering contemplated by this Prospectus may not be made to the public in that Relevant Member State, except that delivery of an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Regulation, provided such exceptions have been implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined in the Prospectus Regulation;
- to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), as permitted under the Prospectus Regulation, subject to obtaining the prior consent of the Company for any such offer; and
- in any other circumstances falling within Article 1 (4) of the Prospectus Regulation;

provided that no such offer of Offer Shares shall require the Company to publish a Prospectus pursuant to the Prospectus Regulation or supplement a prospectus pursuant to the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable investors to decide to subscribe for any shares, as the same may be varied in that Relevant Member State by any measure implementing the EU Prospectus Regulation in that Member State (and amendments thereto to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State.

5.4.5.3 United Kingdom

This Prospectus and any other material in relation to the Offering described herein are only being distributed to, and is only directed at persons in the United Kingdom who are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Regulation, as the term is used in Article 1(4) and (6) of the Prospectus Regulation, that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Order; or (iii) persons to whom distributions may otherwise lawfully be made (all such persons together being referred to as Relevant Persons). The Offer Shares are only available to, and any investment or investment activity to which this Prospectus relates is available only to, and will be engaged in only with, Relevant Persons. This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Persons who are not Relevant Persons should not take any action on the basis of this Prospectus and should not rely on it.

5.4.5.4 United States

The Offering and the Offer Shares have not been registered and will not be registered under the U.S. Securities Act, as amended or under the securities law of any state or other jurisdiction of the United States, and may not be offered, sold, pledged, granted, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

5.4.5.5 Other jurisdictions

The Offer Shares being granted or offered, respectively, in the Offering may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into any jurisdiction in which it would not be permissible to offer the Offer Shares, including Australia, Canada, Hong Kong, Japan, the United States (other than as set out above), the EEA (other than as set out above) and the United Kingdom (other than as set out above) (together the "**Ineligible Jurisdictions**"). This Prospectus may not be sent to, or accessed by, any person in any Ineligible Jurisdiction.

5.5 ISIN of the Offer Shares

The Offer Shares will be issued electronically under the ordinary ISIN of the Company, NO 0010405780.

5.6 Offer Price

The Offer Price is NOK 5.24 per Offer Share. The price per Offer Share is equivalent to a discount of 15% from the closing price of the Company's shares on Euronext Growth three trading days before commencement of the Application Period, i.e., on 5 April 2024.

5.7 Gross and net proceeds from the Offering

The gross proceeds of the Offering will depend on the number of issued Offer Shares. If the Offering is completed, the gross proceeds will be between approximately NOK 50 million and NOK 55 million.

The net proceeds will correspond to the gross proceeds less (i) a deduction of the fees and expenses paid by the Company in connection with the Offering (please see section 5.8 "Expected costs in connection with the Offering") and (ii) the fees payable to the Guarantor Investors and the Pre-committed Shareholders (please see section 5.15 "Pre-commitments and guarantees").

5.8 Expected costs in connection with the Offering

The Company will pay fees and expenses related to the Offering, which are estimated to amount to approximately NOK 1.7 million (excluding VAT). In addition, the Company will pay the fees payable to the Guarantor Investors and the Pre-committed Shareholders (please see section 5.15 "Pre-commitments and guarantees"), provided, however, that these fees will be settled by giving the Guarantor Investors and Pre-committed Shareholders a lower subscription price in the Offering.

5.9 Participants in the Offering and allocation

5.9.1 *Participants in the Offering*

The Offering is directed towards (i) the Shareholders being registered as such in the VPS on the Record Date, (ii) the Guarantor Investors and (iii) the Potential Investors.

Subscription without being a Shareholder, Guarantor Investor or named as a Potential Investor by the Board of Directors is not permitted. The Guarantor Investors shall be allocated Offer Shares as described in Section 5.15 "Pre-commitments and guarantee". The Potential Investors will only be allocated Offer Shares in the event that the Offering is not fully subscribed by the Shareholders.

For the sake of good order, it should be noted that neither the Shareholders, the Guarantor Investors nor the Potential Investors should be perceived as holders of subscription rights or similar rights to acquire Offer Shares. Offer Recipients resident in Ineligible Jurisdictions, and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription of the Offer Shares or would require any filing, registration or similar action to offer the Offer Shares (the "**Ineligible Offer Recipients**") should not be perceived as being invited to apply to subscribe for Offer Shares, and will under no circumstances be allotted Offer Shares. Shareholders who are not allotted Offer Shares for any reason shall not be entitled to any form of compensation.

5.9.1.1 Allocation

Conditional allocation of the Offer Shares will be made by the Board of Directors and will take place on or about 24 April 2024 in accordance with the following order:

(i) Primarily, existing Shareholders are allocated pro rata. In the event of oversubscription among current Shareholders, allocation shall be made pro rata in relation to the number of shares applied for and, to the extent that this cannot be done, by drawing of lots.

(ii) Secondly, allocation is made to applicants that are not an existing Shareholder. In the event of oversubscription, in proportion to the number of Offer Shares applied for by each and, to the extent that this is not possible, by drawing lots.

(iii) Thirdly, and only to the extent that the Minimum Proceeds have not been obtained through the allocation under item (i) and (ii) above, the Guarantor Investors in relation to the respective size of the Guarantee Commitments (pro rata) are allocated so that Offering results in the Minimum Proceeds being obtained. To the extent that this cannot be done, lots shall be carried out.

No Offer Shares shall be allocated to Ineligible Offer Recipients.

Subject to the general meeting resolving to increase the share capital in connection with the Offering, notifications of allocated Offer Shares and payment instructions are expected to be sent on or about 25 April 2024.

5.10 Resolution regarding the Offering

The Company expects to call for an extraordinary general meeting to be held on 25 April 2024, whereby the general meeting of the Company is expected to resolve to increase the share capital in connection with the Offering.

5.11 Application Period and application procedures

5.11.1 *Application Period and timetable*

The timetable set out below provides key dates for the Offering:

Event	**Date**
Commencement of the Application Period	10 April 2024
End of the Application Period.....	24 April 2024 at 16:00 hours (CEST)
General meeting approval of the Offering	Expected to be held on 25 April 2024
Notification of allocation of Offer Shares and payment instructions.....	On or about 25 April 2024
Payment date for the Offer Shares.....	Expected to be 30 April 2024
Registration of share capital increase	Expected during the first half of May 2024
Delivery of the Offer Shares in the VPS and at the same time admittance to trading on Euronext Growth of the Offer Shares	Expected during the first half of May 2024

The above dates are indicative and subject to change.

The Application Period commences on 10 April 2024 and expires at 16:00 hours (CEST) on 24 April 2024. The Company may at its discretion extend the Application Period at any time and for any reason, with a short notice, but in no event shall the Application Period be extended with more than four weeks. If the Application Period is extended the other dates referred to herein may be amended accordingly.

5.11.2 *Application procedure*

Applications for Offer Shares must be made by submitting a correctly completed application form, attached hereto as Appendix 3, (the "**Application Form**") to the Company before the expiry of the Application Period, or for applicants who are residents of Norway with a Norwegian personal identification number, be made online as further described below.

Correctly completed Application Forms must be received by the Company no later than 16:00 hours (CEST) on 24 April 2024 at the following e-mail address:

E-mail: post@lytixbiopharma.com

The Company cannot be held responsible for unavailable internet lines or servers or other logistical or technical problems that may result in applications not being received in time or at all by the Company. Application Forms received after the end of the Application Period and/or incomplete or incorrect Application Forms and any application that may be unlawful may be disregarded at the sole discretion of the Company without notice to the applicant.

Applications are binding and irrevocable upon receipt, and cannot be withdrawn, cancelled or modified by the applicant after having been received by the Company. The applicant is responsible for the correctness of the information filled into the Application Form. By signing and submitting an Application Form the applicant confirm and warrant that they have read this Prospectus and are eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which applications in the Offering must be made. Subscription without being a shareholder or invited by the Board of Directors to subscribe, is not permitted.

Multiple applications (i.e., applications on more than one Application Form) are allowed. Please note, however, that two separate Application Forms submitted by the same applicant applying to subscribe for the same number of Offer Shares for on both Application Forms will only be counted once unless otherwise explicitly stated in one of the Application Forms.

Furthermore, participation in the Offering is conditional upon the applicant holding a VPS account. The VPS account number must be stated in the Application Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee (i.e., a financial intermediary). The nominee must be authorised by the Norwegian FSA. The establishment of a VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

5.11.3 *Financial intermediaries*

All applicants who plan to subscribe for Offers Shares through financial intermediaries (i.e., brokers, custodians and nominees) should read this sub-section. All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to applying for Offer Shares should be determined by the financial intermediary in accordance with its usual customer relations procedures or as it otherwise notifies each beneficial shareholder.

The Company is not liable for any action or failure to act by a financial intermediary.

The deadline by which notification of exercise instructions for application of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Application Period. Such deadlines will depend on the financial intermediary. Eligible Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they have any doubts with respect to deadlines.

Applicants should instruct their financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions.

The financial intermediary must pay the Subscription Price in accordance with the instructions in the Prospectus. Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

5.12 Payment date for and delivery of the Offer Shares

5.12.1 *Payment due date*

The payment for Offer Shares allocated to an applicant falls due on a date notified by the Company to the applicants (the "**Payment Date**"). Payment instructions, provided that the conditions for the Offering are fulfilled, are expected to be sent on 25 April 2024. Payment must be made in accordance with the requirements set out below in this Section. The Payment Date is expected to be 30 April 2024.

5.12.2 *Overdue payments*

Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payments of 17 December 1976 No. 100, currently 12.50% per annum as of the date of this Prospectus. If an applicant who has been allotted Offer Shares fails to comply with the terms of payment or should payments not be made when due, the applicant will remain liable for payment of the Offer Shares allocated to them and the Offer Shares allocated to such applicant will not be delivered to the applicant. If payment has not been received by the seventh day after the Payment Date, the Company reserve the right to, at the risk and cost of the applicant, cancel the subscription and to re-allocate Offer Shares for which payment is overdue, or without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Company may decide in accordance with Norwegian law. If Offer Shares are sold on behalf of the applicant, such sale will be for the applicant's account and risk and the applicant will be liable for any loss, costs, charges and expenses suffered or incurred by the Company as a result of, or in connection with, such sales. The Company may enforce payment for any amounts outstanding in accordance with applicable law.

5.12.3 *Delivery of the Offer Shares*

Subject to timely payment by the applicants allotted Offer Shares, the Company expects that the share capital increase pertaining to the Offering will be registered with the Norwegian Register of Business Enterprises during the first half of May 2024 and that the Offer Shares will be delivered to the VPS accounts of the applicants to whom they are allocated shortly thereafter and at the same time admitted to trading on Euronext Growth. Upon registration of the share capital increase, the allocated Offer Shares will be registered with the same ISIN as the existing Shares of the Company.

The Offer Shares may not be transferred or traded before they are fully paid for and said registrations in the Norwegian Register of Business Enterprises and the VPS have taken place.

5.13 Risk factors related to the Shares and the Offer Shares

Investing in the Offer Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Prospectus, including the Financial Statements and related notes. The risks and uncertainties described in this Section 5.13 and Section 4.10 are the principal known risks and uncertainties faced by the Company as of the date hereof that the Company believes are the material risks relevant to an investment in the Offer Shares. An investment in the Offer Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialise, individually or together with other circumstances, it could have a material and adverse effect on the Company and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Offer Shares. The risks and uncertainties described below are not the only risks the Company may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Company's business, financial condition, results of operations and cash flow.

The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence or of their severity or significance. The risks mentioned herein could materialise individually or cumulatively.

5.13.1 *Legal and regulatory risk*

The Company may be the subject of product liability claims

There is a risk that product liability claims will be brought against the Company in connection with clinical trials of product candidates on humans, and in the subsequent commercialisation of product candidates. If Lytix' product candidates cause, or are accused of causing, personal injuries there is a risk that this will lead to the Company being forced to pay significant damages. The risk of product liability becoming a relevant issue is assessed to further increase after any commercialisation of one or more product candidates, since the number of users is then likely to increase markedly. If the Company is not able to successfully defend itself against claims that product candidates or finished products caused harm, this could give rise to significant costs for Lytix. If this occurs, there is a risk that these costs will not be covered by the Company's insurance cover (see below). Overall, these factors could have a material adverse effect on the Company’s operations, earnings and financial position.

There is a risk that Lytix' existing insurance cover will not be sufficient for possible current or future needs, and that in the future, the Company will not be able to maintain the existing insurance cover at reasonable cost or at all

It is of importance for Lytix' operations that the Company is able to procure the necessary and sufficient insurance cover at reasonable cost. There is a risk that Lytix' existing insurance cover will not be sufficient for possible current or future needs, and that in the future, the Company will not be able to maintain the existing insurance cover at reasonable cost or at all. Moreover, the protection that the Company obtains through its insurance policies may be limited due to, for example, limits on amounts and claims for payment of a deductible, or that not all of the amount lost is compensated by the insurance company in the event of, for example, successful product liability claims. If one or more losses are covered by the Company's insurances, there is in addition a risk that it is difficult and/or time-consuming to obtain compensation from the insurance company concerned.

There is therefore a risk that Lytix' insurance will not cover all potential losses, regardless of cause, or that relevant insurance cover will not always be available at an acceptable cost, which could have an adverse effect on Lytix' operations, financial position and earnings. Claims against Lytix may also, notwithstanding the Company's insurance cover, result in an increase in the premiums that the Company pays under its insurance contracts. Significant increases in insurance premiums could have an adverse effect on the Company's operations, financial position and earnings.

Inappropriate or fraudulent conduct, criminal acts or failure to comply with laws and orders in force and with ethical and other applicable norms and standards may have an adverse effect on the Company's operations and reputation

In its operations, Lytix is dependent on the Company, and the Company's employees, contractors and partners, respecting and complying with laws and rules in force and with ethical and other applicable norms and standards. Inappropriate or fraudulent conduct, criminal acts or failure to comply with laws and orders in force and with ethical and other applicable norms and standards may have an adverse effect on the Company's operations and reputation. Such actions may, for example, include failure to obtain and maintain the necessary authorisations and approvals, intellectual property and compliance with rules on, for example, the protection of classified information, personal data and financial reporting, and the respect of ethical norms and standards. Inappropriate conduct, criminal acts or failure to comply with applicable laws and rules as well as ethical norms and standards may damage the Company's operations and reputation, and have an adverse effect on revenues and earnings as a result of, for example, sanctions and penalties under administrative regulations, civil law and/or criminal law.

Changes in legislation and authorities' rules may involve greater requirements and changed terms, or a development towards a stricter application by authorities of laws and rules, which may require additional investment and result in increased costs and other commitments for Lytix. Adapting Lytix' operations and services in order to comply with applicable laws and other regulations may involve costs that may have an adverse effect on the Company's operations, financial position and earnings. In addition, there is a risk that new or changed laws or rules are implemented suddenly and/or needs to be fulfilled within a short period of time, which may have an adverse effect on Lytix' operations, financial position and earnings.

The Company may become involved in disputes, administrative proceedings, claims, investigations and legal proceedings, which may have a material adverse effect its operations, financial position and earnings

Within the framework of its normal business operations, Lytix may become involved in disputes, and risks being subject to civil claims in legal proceedings concerning, *inter alia*, intellectual property, product liability and agreements with suppliers. In addition, Lytix (or executives, managers, employees or related parties) could become the subject of administrative proceedings, criminal investigations, regulatory investigations and similar proceedings. Disputes, administrative proceedings, claims, investigations and legal proceedings of these types may be time-consuming, disrupt normal operations, involve large sums, have an adverse effect on relations with partners and users, and result in both administrative and legal sanctions and measures at considerable cost. If such disputes, administrative proceedings, claims, investigations and legal proceedings occur and Lytix is held liable, there is a risk that the claims will not be fully covered by the Company's insurance cover. Future disputes, administrative proceedings, claims, investigations and legal proceedings may consequently have a material adverse effect on Lytix' operations, financial position and earnings. Exposure to disputes, fines and other injunctions issued by relevant authorities and public bodies may also adversely affect Lytix' reputation and brand, even if the financial effects are not necessarily substantial.

The Company's processing of personal data is subject to complex and evolving laws and regulations regarding data protection and privacy

The Company records, processes, stores and uses a great deal of personal data within the framework of its operations. Within the EU and the EEA and in certain other jurisdictions, the processing of personal data is subject to complex and extensive regulation. The Company is also responsible for the processing of personal data that is carried out on behalf of the Company by subcontractors and partners, and for ensuring that personal data is not disclosed or transferred outside the EU and the EEA in contravention of the legislation.

The Company's processing of personal data is subject to complex and evolving laws and regulations regarding data protection and privacy (the "**Data Protection Laws**"), including, but not limited, to the General Data Protection Regulation (EU) 2016/679 (the "**GDPR**") in the EU/EEA, which has been incorporated into and made part of local law in the jurisdictions in which the Company mainly operates. These general requirements for processing personal data is supplemented by health sector specific laws and regulations for processing health data and supplying services to the health sector, as well as industry code of conducts which the Company's potential customers and partners expect the Company to comply with.

Although the Company has strengthened its internal procedures on the handling of personal data, the measures taken may not be sufficient to ensure compliance with the above-mentioned laws and regulations. If the Company is found not to be in compliance with applicable legal and regulatory requirements it could be subject to civil remedies, including fines and injunctions and potentially cancellation of customer agreements, as well as potential criminal sanctions, any of which could have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

The Company's processing of personal data requires that the Company continuously invests in measures and guidelines for complying with Data Protection Laws, the GDPR and applicable legislation, which the Company is aware of and dedicated to undertaking. Changes in the regulatory framework, sudden changes in established interpretations or practice by government or other regulatory standards could require the Company to adapt its business activities, re-design, revise its strategy, or invest additional resources in ensuring compliance. The Company has invested financial and managerial resources to ensure compliance with such legal and regulatory requirements and expects to continue to be in compliance in the future. Changes in the legal and regulatory requirements could result in a material expenditure, which could have a material adverse effect on the Company's business, results of operations, financial condition and/or prospects.

Investors may be unable to recover losses in civil proceedings in jurisdictions other than Norway

The Company and each investor agree in this Prospectus that the courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute that may arise out of or in connection with this Prospectus. Consequently, it may not be possible for investors to sue the Company in any other court in relation to the Offering or this Prospectus.

The Company is a private limited liability company organised under the laws of Norway. Most of the members of its Board of Directors and Management team reside in Norway. As a result, in relation to any claim not related to the Offering or this Prospectus it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

Norwegian law may limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Company's Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In addition, it may be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in jurisdictions other than Norway.

Preferential rights may not be available to U.S. or other shareholders

Under Norwegian law, existing shareholders will have preferential rights to participate on the basis of their existing share ownership in the issuance of any new Shares for cash consideration, unless those rights are waived by a resolution of the shareholders at a General Meeting or the Shares are issued on the basis of an authorisation to the Board of Directors under which the Board of Directors may waive the preferential rights. Shareholders in the United States, however, may be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway may be similarly affected if the rights and the Offer Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be reduced and they may be financially diluted.

5.13.2 *Risk related to the Company's financial situation*

The Company cannot guarantee that it will generate revenue or sustainable income that is significant enough to achieve profitability

The Company's operations have consumed substantial amounts of cash since inception and the Company has not yet developed a product that generates income to finance further operations. The Company is not likely to generate sustainable income that is significant before one of its product candidates have been successfully commercialised. Even if a product candidate would become successfully developed and commercialised, the Company cannot guarantee that it will generate revenue or sustainable income that is significant enough to achieve profitability.

There is a risk that Lytix will not be able to procure sufficient capital

In brief, Lytix' operations are based on conducting research into and developing drugs (and associated activities). Pharmaceutical research and development is a capital-intensive business, and historically Lytix has been financed by new share issues and capital deposits from existing and new investors. Lytix has only limited revenues, and since the Company was established, it has not reported a positive operating result in any fiscal year. In all likelihood Lytix will need further deposits of capital in the future from new and existing investors in order to be able to continue conducting the Company's operations and in order to commercialise the Company's product candidates.

There is a risk that the Company will not have access to the necessary capital in the future, or that funding can only be obtained on disadvantageous terms for Lytix. Access to funding is affected by a number of factors, such as the general supply of funding, market conditions in the sector in which Lytix operates and Lytix' commercial and financial situation. Disruptions and uncertainty in the capital and credit markets may also restrict the supply of the capital required to conduct operations. If Lytix is unable to procure the necessary capital on acceptable terms, it may mean that the Company needs to reduce its operations, e.g. by carrying out fewer preclinical studies and clinical trials, which may in itself mean that any commercialisation of Lytix' product candidates is delayed or abandoned, or divest or out-license all or some of its product candidates. If Lytix fails to procure the necessary capital in the future, this may consequently have a materially adverse effect on Lytix' operations, financial position and earnings.

There is a risk that the Company may in the future infringe conditions associated with research and development grants obtained and/or paid out because of conscious actions, oversight or as an effect of events beyond the Company's control

Lytix has historically received, and may in future receive, research and development grants within the framework of the Company's operations. Research and development grants are generally associated with conditions, for example relating to how the research is carried out and how the results of certain research are used. There is a risk that the Company may in the future infringe conditions associated with research and development grants obtained and/or paid out because of conscious actions, oversight or as an effect of events beyond the Company's control. In this event, the result may be that the Company is forced to repay research and development grants paid out, or that research and development grants obtained but not paid out, are not paid out. An inability to comply with the conditions of previously obtained and/or paid out research and development grants may further result in a deterioration in the Company's ability to obtain grants applied for. Should these risks occur, it may have a material adverse effect on the Company's operations, earnings and financial position.

Future acquisitions may involve significant costs and result in undesired liabilities and contingent liabilities being assumed by the Company

In the future, Lytix may make acquisitions of companies and operations. When acquiring other companies, there is a risk that the due diligence carried out by the Company does not include all the information needed to make adequate decisions from a financial and/or legal perspective. Future acquisitions may consequently result in undesired liabilities and contingent liabilities being assumed. This may have an adverse effect on Lytix' operations, earnings and financial position.

Moreover, Lytix may incur significant acquisition and administrative costs as well as restructuring costs in conjunction with acquisitions and expected positive effects may be delayed or may not occur.

Disposals of operations carried out, and future disposals, may expose Lytix to risks such as those that follow from the terms of the transfer of the operations concerned, e.g. guarantees, damages and promises in favor of the purchaser as regards the operations disposed of. Should any of these risks related to disposals made, or future disposals, be realised, this may have an adverse effect on Lytix operations, financial position and earnings.

Lytix' operations are conducted and performed in accordance with the Company's interpretation and understanding of current tax legislation, tax agreements and other relevant provisions and requirements from the tax authorities, which may prove incorrect

At present, Lytix conducts operations only in Norway. The operations are conducted and performed in accordance with the Company's interpretation and understanding of current tax legislation, tax agreements and other relevant provisions and requirements from the tax authorities concerned. However, it may prove that Lytix' interpretation and understanding of these laws, agreements and other provisions is not correct in all respects. The tax authorities in the countries where the Company will in future conduct operations may also make assessments or take decisions that differ from Lytix' understanding and interpretation of current laws and rules. The Company's tax position, for previous, current and future years, may change as a result of decisions made by the tax authorities concerned or as a result of amendments to laws, rules, tax agreements and other provisions. Such decisions or amendments, which may possibly have retrospective effect, may have a negative effect on Lytix' financial position and earnings.

Furthermore, Lytix has made deductions for value added tax in relation to the development of the Company's pharmaceuticals, and has received reimbursement of value added tax as a consequence of this. If the developed pharmaceuticals do not generate any value added tax income, there is a risk that relevant tax authorities may demand that these deductions be recovered. There is also a risk that Lytix will be required to pay value added tax as a result of the transfer of patents in a past demerger. Should any of these risk be realised, it may have an adverse effect on the Company's operations and financial position.

Lytix is exposed to foreign currency risk

Lytix is exposed to foreign currency risk, both through ongoing business transactions in different currencies and through the fact that the Company runs clinical trials in different countries. There is a risk that the measures taken by the Company to minimise currency risk are not sufficient and that changes in exchange rates may therefore have an adverse effect on Lytix' operations, earnings and financial position.

Investors may not be able to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (e.g., through brokers, dealers or other third parties) may not be able to vote such Shares unless their ownership is re-registered in their names with the VPS prior to the Company's General Meetings. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a General Meeting in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote their Shares in the manner desired by such beneficial owners.

5.13.3 *Risk related to the shares*

Subscribing for Offer Shares may be prohibited for non-Norwegian investors

Physical and legal persons located in countries outside of Norway may be restricted or prohibited by applicable securities law from subscribing for Offer Shares.

An active trading market for the Company's shares on Euronext Growth may not sustain and the market price of the Shares may be volatile

The Shares are currently listed on Euronext Growth. No assurances can be given that an active trading market for the Shares will sustain on Euronext Growth. The market value of the Shares could be substantially affected by the extent to which a secondary market for the Shares sustains on Euronext Growth. An investment in the Shares involves risk of loss of capital, and securities markets in general have been volatile in the past. The trading volume and price of the Shares may fluctuate significantly in response to a number of factors beyond the Company's control, including adverse business and technical developments and prospects, variations in revenue and operating results, changes in financial estimates, announcements by the Company or its competitors of new development or new circumstances within the industry, legal actions against the Company, unforeseen events and liabilities, changes in Management, changes to the composition of shareholders, changes to the regulatory environment in which the Company will operate or general market conditions. The market value of the Shares could also be substantially affected by the extent to which a secondary market develops or sustains for the Shares.

The value of the Shares could for foreign investors be adversely affected by exchange rate fluctuations

The Shares are priced in NOK on Euronext Growth, and any future payments of dividends on the Shares will be made in NOK. Investors registered in the VPS who have not supplied the VPS with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the relevant investor's currency will be the VPS Registrar's exchange rate on the payment date. Exchange rate movements of NOK will therefore affect the value of these dividends and distributions for investors whose principal currency is not NOK. Further, the market value of the Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

The transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

None of the Shares have been registered under the U.S. Securities Act or any U.S. state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and other applicable securities laws. In addition, there is no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings. Further, investors in the United States and other jurisdictions may have difficulty enforcing any judgment obtained in their local jurisdiction against the Company or its directors or executive officers in Norway.

The Company is subject to the Euronext Growth Rule Book which may deviate from the regulations for securities trading on the Oslo Stock Exchange and Euronext Expand, and which may imply a risk of a lower degree of transparency and minority protection

The Company is, as a consequence of being listed on Euronext Growth, subject to the rules of the Market Abuse Regulation ((EU) No. 596/2014, MAR) and the Norwegian Securities Trading Act applicable to securities admitted to trading on a multilateral trading facility and the Euronext Growth Rule Book. Such obligations may differ from the obligations imposed on companies whose securities are listed on the Oslo Stock Exchange or Euronext Expand. The Company is not subject to any takeover regulations, meaning that an acquirer may purchase a portion of the Shares exceeding the applicable thresholds for a mandatory offer for a company listed on the Oslo Stock Exchange or Euronext Expand without triggering a mandatory offer for the remaining Shares. In accordance with Euronext Growth Rule Book Part I, section 4.3, and without prejudice to national regulations, the Company shall make a public disclosure within five trading days of becoming aware of any situation where a person, acting alone or in concert, reaches, exceeds or falls below a major holding threshold of 50% or 90% of the capital or voting rights. Other than this, there is no requirement to disclose large shareholdings in the Company (Nw.: *flaggeplikt*).

These deviations from the regulations applicable to securities trading on the Oslo Stock Exchange or Euronext Expand may, alone or together, impose a risk to transparency and the protection of minority shareholders. An investment in the Shares is suitable only for investors who understand the risk factors associated with an investment in a company admitted to trading on Euronext Growth.

Enforceability of civil liabilities

The Company is a private limited liability company organised under the laws of Norway. The majority of the directors of the Company and executives reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgements obtained in non-Norwegian courts, or to enforce judgements on such persons or the Company in other jurisdictions.

Risks pertaining to foreign shareholders

Foreign shareholders may be diluted if they are unable to participate in future offerings.

Because non-Norwegian investors may be unable to participate in future offerings, their percentage shareholding, if they have been allotted Shares in the offering, may be diluted. Unless, otherwise resolved by the general meeting, shareholders in Norwegian limited liability companies such as the Company, have pre-emptive rights proportionate

to the aggregate amount of the Shares they hold with respect to new Shares issued by the Company for payment in cash. For reasons relating to foreign securities laws or other factors, foreign investors may not be able to participate in a new issuance of Shares or other securities and may face dilution as a result.

Limitations imposed by Norwegian law

Norwegian law may limit the shareholders' ability to bring an action against the Company.

The Company is a private limited liability company incorporated under the laws of Norway. The rights of holders of Shares are governed by Norwegian law and by the articles of association. These rights differ from the rights of shareholders in other jurisdictions.

In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. Under Norwegian law, any action brought by a company in respect of wrongful acts committed against the company takes priority over actions brought by shareholders in respect of such acts. In addition, it may be difficult to prevail in a claim against the Company.

5.14 Governing law and jurisdiction

The Prospectus and the Offering are subject to Norwegian Law. Any dispute arising in respect of or in connection with this Prospectus or the Offering is subject to the exclusive jurisdiction of the Norwegian courts with Oslo District Court as legal venue in the first instance.

5.15 Pre-commitments and guarantees

The Pre-committing Shareholders have prior to the launch of the Offering irrevocably undertaken to subscribe for Offer Shares in the Offering. As compensation for this undertaking the Pre-committing Shareholders will receive a 5% fee on their pre-committed subscription amount. The total fee will amount to NOK 2 million, and will be settled by giving the Pre-committing Shareholders a correspondingly reduced subscription price for the Offer Shares they subscribe.

The Pre-committing Shareholders have pre-committed to subscribe for Offer Shares in the total amount of NOK 40 million. The Pre-committing Shareholders are the following persons:

- Taj Holding AS has pre-committed to subscribe for Offer Shares in the total amount of NOK 10,000,000;
- Jakob Hatteland Holding AS has pre-committed to subscribe for Offer Shares in the total amount of NOK 8,735,000;
- PBM LYT Holdings, LLC[21] has pre-committed to subscribe for Offer Shares in the total amount of NOK 5,350,000;
- Hifo Invest AS[22] has pre-committed to subscribe for Offer Shares in the total amount of NOK 4,000,000;
- Saturn Invest AS[23] has pre-committed to subscribe for Offer Shares in the total amount of NOK 4,000,000;
- Per Strand Eiendom AS has pre-committed to subscribe for Offer Shares in the total amount of NOK 2,550,000;
- Kvasshøgdi AS has pre-committed to subscribe for Offer Shares in the total amount of NOK 1,500,000;
- Belvedere AS has pre-committed to subscribe for Offer Shares in the total amount of NOK 1,000,000;

[21] Member of the Board of Directors, Jayson Rieger, is a Managing Partner at PBM Capital Group, and is a member of PBM LYT Holdings, LLC.
[22] Hifo Invest AS is a company controlled by member of the Board of Directors, Brynjar Kristian Forbergskog.
[23] Saturn Invest AS is a company controlled by member of the Board of Directors, Brynjar Kristian Forbergskog.

- Dragesund Invest AS has pre-committed to subscribe for Offer Shares in the total amount of NOK 1,000,000;
- JPB AS has pre-committed to subscribe for Offer Shares in the total amount of NOK 1,000,000;
- JTT AS has pre-committed to subscribe for Offer Shares in the total amount of NOK 500,000; and
- Harila Invest AS has pre-committed to subscribe for Offer Shares in the total amount of NOK 365,000.

In addition to the pre-commitments by the Pre-committing Shareholders, certain Guarantor Investors have provided the Company with subscription guarantees (the "**Guarantee Commitments**"). The Guarantee Commitments have been obtained in order to ensure that the Company obtains the Minimum Proceeds in the Offering. The sum of the Guarantee Commitments amount to NOK 10 million. The Guarantor Investors will only be obligated to subscribe for Offer Shares to the extent required to achieve allocation of Offer Shares for gross proceeds equal to the Minimum Proceeds. For instance, if the Company has received applications for e.g., NOK 46 million in gross proceeds, the Guarantor Investors must subscribe for NOK 4 million in Offer Shares. If the Company has received applications for e.g., NOK 52 million in gross proceeds, the Guarantor Investors have no subscription obligation.

The Guarantor Investors are the following persons:

- Fredrik N. O. Lundgren has provided a Guarantee Commitment of NOK 5,000,000; and
- Wilhelm Risberg has provided a Guarantee Commitment of NOK 5,000,000.

Each Guarantor Investor is entitled to a fee of 5% of the Guarantee Commitment provided by such Guarantor Investor in the Offering, which shall be settled by a reduction in the total subscription amount due to be paid by such Guarantor Investor to the Company in the Offering, or (fully or partially) in cash at the Company's discretion. The total fee will amount to NOK 500,000.

5.16 Advisors

Advokatfirmaet Thommessen AS, Ruseløkkveien 38, P.O. Box 1484 Vika, 0116 Oslo, Norway, is acting as legal advisor to the Company.

Redeye AB, Mäster Samuelsgatan 42, 10 tr, Box 7141, 103 87 Stockholm, Sweden, is acting as financial advisor to the Company.

6 DEFINITIONS

In this Prospectus, the following defined terms have the following meanings:

Application Form	The application form included as Appendix 3 to the Prospectus.
Application Period	From 10 April 2024 to on or about 24 April 2024 at 16:00 hours (CEST).
Articles of Association	Articles of Association of the Company.
Board of Directors	The board of directors of the Company.
CEO	Chief Executive Officer.
Company	Lytix Biopharma AS.
Data Protection Laws	Laws and regulations regarding data protection and privacy.
EEA	European Economic Area.
EMA	The European Medicines Agency.
Euronext Growth	Euronext Growth Oslo, a multilateral trading facility for equity instruments operated by Oslo Børs ASA.
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
FDA	The Food and Drug Administration.
Financial Statements	The audited financial statements of Lytix Biopharma AS for the years ending 31 December 2021 and 31 December 2022, and the unaudited financial statement for the fourth quarter of 2023.
GDPR	The General Data Protection Regulation (EU) 20167679.
General Meeting	The general meeting of the shareholders in the Company.
Guarantee Commitments	Subscription guarantees provided by the Guarantor Investors to ensure that the Company obtains the Minimum Proceeds in the Offering.
Guarantor Investors	Means the persons listed as such in Section 5.15.
Ineligible Jurisdictions	Has the meaning ascribed to such term in Section 5.4.5.5.
Ineligible Offer Recipients	Offer Recipients resident in Ineligible Jurisdictions, and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription of the Offer Shares or would require any filing, registration or similar action to offer the Offer Shares.
Incentive Program E	The Company's share option program for employees, management, the Board of Directors and other key personnel.
IPR	Intellectual property rights.
License Agreement	The exclusive license agreement entered into between the Company and Verrica dated 7 August 2020.
LTX-315	Lytix' lead product candidate.
Lytix	Lytix Biopharma AS.
Management	The senior management of the Company.
Minimum Proceeds	Gross proceeds of at least NOK 50 million in the Offering.
NOK	Norwegian kroner, the currency of the Kingdom of Norway.
Norwegian FSA	Financial Supervisory Authority of Norway (*Norwegian: Finanstilsynet*).
Norwegian Private Limited Companies Act	The Norwegian Private Limited Liability Companies Act of 13 June 1997 no. 44 (as amended).
Norwegian Securities Trading Act	Norwegian Securities Trading Act of 29 June 2007 no. 75.
Offer Price	The subscription price per Offer Share of NOK 5.24.
Offer shares	Between 9,541,973 and 10,509,802 new shares in the Company offered in the Offering, each with a par value of NOK 0.10.
Offer Recipients	The Shareholders, the Guarantor Investors and the Potential Investors.
Offering	Share issue of between 9,541,973 and 10,509,802 Offer Shares in Lytix Biopharma AS at an Offer Price of NOK 5.24 per share and with an Application Period from 10 April 2024 to on or about 24 April 2024 at 16:00 hours (CEST).
Payment Date	The date notified by the Company in the payment instructions, expected to be sent on 25 April 2024.
Potential Investors	Investors invited to apply to subscribe for the Offer Shares at the Board of Directors sole discretion.
Pre-committing Shareholders	Means the persons listed as such in Section 5.15.
Prospectus	This prospectus dated 9 April 2024.
Record Date	11 April 2024.
Relevant Member State	Each Member State of the EEA other than Norway, which has implemented the Prospectus Regulation.
Shareholders	The Company's shareholders as of 11 April 2024 as registered in the Norwegian Central Securities Depository on 15 April 2024 pursuant to the two days' settlement procedure in VPS.
Shares	The Company's shares.
USD	United States Dollars, the currency of the United States.
U.S. Securities Act	United States Securities Act of 1933, as amended.
Verrica	Verrica Pharmaceuticals, Inc.
VPS	Norwegian Central Securities Depository.

Appendix 1: Articles of association of the Company

VEDTEKTER FOR LYTIX BIOPHARMA AS

(Vedtatt 18 april 2023)

§ 1 Foretaksnavn
Selskapets foretaksnavn er Lytix Biopharma AS.

§ 2 Forretningskontor
Selskapets forretningskontor er i Oslo kommune.

§ 3 Virksomhet
Selskapets virksomhet er:
Utvikling, markedsføring og salg av farmasøytiske og bioteknologiske produkter, samt dertil hørende virksomhet. Selskapet kan ha eierinteresser i foretak innen samme eller tilstøtende bransjer.

§ 4 Selskapets aksjekapital
Selskapets aksjekapital er NOK 4.006.831,9 fordelt på 40.068.319 aksjer hver pålydende NOK 0,1.

§ 5 Aksjeeierregistrering
Selskapets aksjer skal være registrert i et verdipapirregister (VPS).

§ 6 Overdragelse av aksjer
Selskapets aksjer er fritt omsettelige, uten krav til samtykke fra styret eller forkjøpsrett for de øvrige aksjeeiere.

§ 7 Styre
Selskapets styre skal ha tre til ni medlemmer etter generalforsamlingens nærmere beslutning. Styrets leder velges av generalforsamlingen.

§ 8 Signatur
Selskapets firma skal tegnes av to styremedlemmer i fellesskap.

§ 9 Generalforsamlinger
På den ordinære generalforsamlingen skal følgende saker behandles og avgjøres:

1. Godkjennelse av årsregnskapet og årsberetningen, herunder utdeling av utbytte.

2. Andre saker som etter loven eller vedtektene hører under generalforsamlingen.

§ 10 Bruk av elektronisk kommunikasjon ved innkalling til generalforsamling
Dokumenter som gjelder saker som skal behandles på generalforsamlingen behøver ikke sendes til aksjeeierne dersom dokumentene er tilgjengelige på selskapets internettsider. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.

§ 11 Valgkomité
Selskapet skal ha en valgkomité som velges av generalforsamlingen for ett år av gangen og det skal utarbeides en instruks for valgkomitéen. Valgkomiteens leder velges av generalforsamlingen.

STATUTES OF LYTIX BIOPHARMA AS

(Adopted on April 18, 2023 / *Translation to English***)**

§ 1 Company name

The company's name is Lytix Biopharma AS.

§ 2 Office

The company's registered office is in the municipality of Oslo, Norway.

§ 3 Business

The company's activities are:
Development, marketing and sales of pharmaceutical and biotechnology products, as well as associated business activities. The company may have ownership interests in entities within the same or related industries.

§ 4 The company's share capital

The company's share capital is NOK 4,006,831.9 divided into 40,068,319 shares each with a nominal value of NOK 0.1.

§ 5 Shareholders Registration

The company's shares shall be registered in a central securities depository (VPS).

§ 6 Transfer of shares

The company's shares are freely transferable, without requiring the consent of the board and without first refusal for the remaining shareholders.

§ 7 Board of directors

The company's board of directors shall consist of three to nine members as decided by the general meeting. The chairperson shall be elected by the general meeting.

§ 8 Signature

Two members of the board of directors jointly have the authority sign for and on behalf of the company.

§ 9 Annual general meeting

The annual general meeting shall address and decide upon the following matters:

1. Approval of the annual report and the annual accounts, including distribution of dividend.

2. Any other matters, which according to law or statutes shall be addressed at the general meeting.

§ 10 Electronic distribution of documents for the general meeting

Documents relating to matters which shall be considered at the general meeting, including documents which according to law shall be included in or attached to the notice convening the general meeting, do not need to be sent to the shareholders if the documents have been made available on the company's webpage. A shareholder may nevertheless request that documents relating to matters to be considered at the general meeting are sent to the shareholder.

§ 11 Nomination committee

The Company shall have a nomination committee elected by the General Assembly for one-year terms and instructions for the nomination committee shall be prepared. The chairperson of the nomination committee shall be elected by the general meeting.

Appendix 2: The Company's audited financial statements for 2022 and 2021, and the unaudited financial statement for the fourth quarter of 2023

Lytix Biopharma

Annual report 2022

Letter from the CEO

Dedicated to be part of tomorrow's cancer treatment

In the course of 2022, our unique position in the immune-oncology field has been confirmed. We bring a novel immunotherapy approach to the table that addresses the most fundamental challenge in current immunotherapy: tumor heterogeneity.

Tumor heterogeneity is represented by the large diversity of cancer cells with different mutations existing in solid cancers. We are proud to be the leading solution for the challenges with tumor heterogeneity. Our oncolytic molecules address this major challenge by activating broad T-cell responses in cancer patients targeting different subset of cancer cells in solid tumors.

The last years, immunoncology has attracted interest from the industry, and we have benefitted abundantly from the early entry we made into the space more than 10 years ago when it was still an unexplored research field. As with every innovative endeavor, the path forms as we go and the knowledge base grows along with it, but our goal is clear; to achieve approval for the use of our molecules as the first drug in this entirely new class of therapeutics in cancer patients. We get more and more encouraged to reach the goal by the robust scientific, financial, and commercial validation provided by our team, shareholders, investors and partners.

The year 2022 was fueled by clinical progress and presentations of clinical data across international conferences, alongside seeing our partner Verrica Pharmaceuticals advance its Phase II study evaluating LTX-315 for basal cell carcinoma.

For Lytix, the most significant clinical trial development was completing the Phase II study evaluating LTX-315 in combination with adoptive T-cell therapy (ACT) in soft tissue sarcoma patients, the ATLAS-IT-04 study. We presented the encouraging results from this study at the American Society of Clinical Oncology (ASCO) in June. We reported that this combination treatment provides meaningful clinical benefit for the patients as it stabilizes the disease in heavily pre-treated patients with progressive metastatic soft tissue sarcoma. The results clearly show the potential of using LTX-315 in combination with ACT to generate a high number of tumor-specific T-cells. Importantly, we also reported data from this study confirming that treatment with LTX-315 evokes tumor-specific T-cell clones, enabling the immune system to eliminate tumor cells.

Based on these positive Phase II results, Lytix will further analyze the clinical and commercial potential of oncolytic molecules in combination with ACTs, a cancer research field showing exponential growth.

In April, we were pleased to announce that our partner, Verrica Pharmaceuticals, had recruited and dosed the first patient in its Phase II study evaluating Lytix' LTX-315 in basal cell carcinoma patients. This type of skin cancer is one of the most common diagnoses, representing a significant market potential for LTX-315. Reaching this milestone also triggered a USD 1 million payment to Lytix

We expect Verrica's commitment to this study to result in continued investments on their behalf and look forward to conveying news from this study to our shareholders as Verrica presents them.

During the year, we also received regulatory approval to expand the reach of our Phase II study in malignant melanoma to Europe to advance patient recruitment. The expansion of the study has paved the way for six new sites across three European countries and a significant uptick in patient recruitment in the ATLAS-IT-05 study.

With increased capacity to enroll patients in Norway, Spain, and France into this study, we aim to complete enrollment by mid-year and to meet the study's primary endpoint by demonstrating LTX-315`s ability to increase the number of patients responding to immunotherapy. Whilst we work towards this milestone, we are confident that we will continue to attract the attention of potential partners interested in exploring the commercial potential of LTX-315 within metastatic cancer.

In 2022, we also completed the pre-clinical program for our second-generation compound, LTX-401, which has demonstrated promising results for deep-seated cancer lesions such as liver or colorectal cancer metastases. These cancer types represent a substantial unmet medical need, with liver cancer being one of the deadliest types of cancer worldwide. Liver cancer is characterized by a high degree of tumor heterogeneity, meaning it does not respond well to immunotherapy and checkpoint inhibitors. As a result, patients face only a few treatment options that demonstrate limited clinical benefit. We are preparing this asset for a Phase I study and plan to submit a clinical trials application (CTA) to regulatory authorities in H2 2023 to gain approval to initiate the study (ATLAS-IT-06). This represents a significant milestone for Lytix, validating the broad applicability of our technology platform and the ability of the team to deliver promising compounds suited for distinct types of cancers.

As an immuno-oncology company, clinical trials are the most critical area for value creation. Therefore, most of our resources are invested directly into the clinical development portfolio. This shapes the attractiveness of our unique technology platform and product candidates.

In November, we were invited to the Society for Immunotherapy of Cancer's (SITC) 2022 Annual Meeting in the US. There, we presented compelling new data describing how treatment with LTX-315 activates specific immune cells that are critical to properly priming tumor-specific T-cells.

We are also excited to have strengthened the team by having Jacqueline Earabino step into the role as Head of Clinical Operations to support our clinical trial activities and to bring our new Chief Business Officer, Stephen Worsley, on board to excel the business development and partnering activities, capturing maximal total value.

Looking back at the past year, it has represented several challenges for the biotech industry, which has been impacted by steep economic downturns and a challenging funding climate. Biotech companies have also experienced the continued impact of COVID-19, which has hampered patient enrollment significantly in clinical trials.

At Lytix, we are pleased to have a sufficient cash runway that will see us into 2024. This is due to our continued efforts to run a lean and effective organization, and we are not planning to significantly increase our organization in 2023.

I also extend my gratitude to the entire team at Lytix, who continues to dedicate their time to ensure that we reach our goal, and to our shareholders and supporters for your continued confidence and trust.

We have an exciting year ahead with a lot of R&D activities, primarily related to the clinical trials. We are pleased with the progress we made in 2022 and look forward to continuing to report on our development programs in the coming months.

Øystein Rekdal
CEO Lytix Biopharma

Highlights 2022

Business and partnership:

- Following the US regulatory IND clearance for Verrica Pharmaceuticals' Phase II study evaluating LTX-315 in basal cell carcinoma (skin cancer) at the end of 2021, the first patient started treatment with LTX-315 in April 2022, triggering a milestone payment to Lytix.
- Verrica Pharmaceuticals completed treatment in the first of three parts of their ongoing Phase II study. Part 1 has enrolled 10 patients and demonstrated a favorable safety and tolerability profile with no reported serious adverse events. Patients receiving the higher range of dosing experienced a consistent response of clinical tumor necrosis.

Research and development:

- Following approval of the clinical trial application (CTA) for ATLAS-IT-05 in Europe in Q3 2022, the Phase II study expanded to three additional European countries, Norway, France, and Spain. All sites are open and recruiting patients with the aim of completing enrollment in mid-2023.
- The preclinical safety testing for LTX-401 has been completed, demonstrating a favorable safety profile. Regulatory submission enabling activities required to start the Phase I study ATLAS-IT-06 with LTX-401 is progressing as planned.
- The Clinical Study Report for ATLAS-IT-04 has been completed. ATLAS-IT-04 demonstrated encouraging data showing that LTX-315 improved the outcome of adoptive cell transfer treatment. The results were presented at ASCO in June and showed that LTX-315 stabilized the disease in patients with progressive metastatic soft tissue sarcoma.
- Compelling data on LTX-315's ability to activate specific immune cells that are critical for a proper priming of tumor-specific T-cells from Lytix' collaboration with research groups at the National Cancer Institute and Weill Cornell Medicine were presented at the Society for Immunotherapy of Cancer (SITC) Annual Meeting.

Organization:

- Lytix Biopharma has strengthened its team by recruiting Jacqueline Earabino as Head of Clinical Operations and Stephen Worsley as Chief Business Officer.

Financial:

- In April, Lytix received a USD 1 million milestone payment from Verrica following the first patient dosed in its Phase II study evaluating LTX-315 in BCC.
- Total operating expenses for 2022 were related to increased R&D activities in connection to the ongoing ATLAS-IT-05 trial in the US, expansion of the ATLAS-IT-05 trial to Europe, and the progression of the preclinical development of LTX-401.
- Cash position at the end of the period was NOK 94.6 million compared to NOK 197.3 million as of December 31, 2021. In addition to the cash position, Lytix has NOK 50.6 million placed in a liquidity fund as of 31 December 2022. In total, Lytix has NOK 145.2 in cash and short-term financial investments at the end of the year.

Key figures

Amounts in NOK thousands	**2022**	2021
Total operating income	**17,273**	25,827
Total operating expense	**(82,968)**	(73,844)
Loss from operations	**(65,695)**	(48,017)
Loss for the period	**(56,006)**	(48,049)
Property, plant and equipment	**124**	-
Trade and other receivables	**6,735**	5,680
Short-term financial investments	**50,606**	-
Cash position at the end of the period	**94,552**	197,282
Total assets	**152,017**	202,962
Total equity	**135,126**	189,624
Total liabilities	**16,891**	13,338
Total equity and liabilities	**152,017**	202,962

Board of directors' report 2022

Operational review

PARTNERSHIPS

LTX-315 development in partnership with Verrica

Verrica continued to progress its Phase II clinical trial of LTX-315 (VP-315), a potentially first-in-class oncolytic peptide immunotherapy, for the treatment of basal cell carcinoma. The Phase II trial is a three-part, open-label, multicenter, dose-escalation, proof-of-concept study with a safety run-in designed to assess the safety, pharmacokinetics and efficacy of LTX-315 when administered intratumorally to adults with biopsy-proven basal cell carcinoma.

The first patient in Verrica Pharmaceuticals' Phase II study investigating LTX-315 in BCC was dosed on April 4, 2022. This achievement triggered a milestone payment of USD 1 million to Lytix. Approximately 66 patients with BCC will be enrolled in the study. Recently, Verrica completed treatment in Part 1 with 10 patients enrolled and a favorable safety and tolerability profile with no reported serious adverse events. The patients receiving the higher range of dosing experienced a consistent response of clinical tumor necrosis. Part 2 of the Phase II trial is expected to begin in the second quarter of 2023 and will further explore dosing regimens to allow Verrica to identify the recommended dose for Part 3 of the study, which is expected to start in the second half of 2023.

ClinicalTrials.gov Identifier: NCT05188729

RESEARCH AND DEVELOPMENT

ATLAS-IT-05 trial (LTX-315 in combination with pembrolizumab in patients with advanced solid tumors)

In this ongoing Phase II trial, the combination of LTX-315 and pembrolizumab is being evaluated in patients with advanced melanoma refractory to anti-PD-1/PDL-1 therapy. The study started at the MD Anderson Cancer Centre and Icahn School of Medicine at Mount Sinai in the US. Recently the study was expanded to six sites in Europe. These sites are now all open and recruiting. At the end of 2022, two additional sites in the US are in the process of opening.

The study was expanded to sites in Europe to mitigate recruitment challenges experienced in the US as a consequence of COVID-19. The Clinical Trial Application (CTA) was approved by EU regulators in 2022 Q3, and the study has opened to patients in three European countries, Norway, France, and Spain. In Norway, sites have opened at the Oslo University Hospital, Radiumhospitalet (Dr. Marta Nyakas) and Akershus University Hospital (Dr. Belal Aljabri). Three sites have opened in France at the Hospital Lyon Sud (Dr. Stephane Dalle), Gustave Roussy Cancer Campus (Dr. Caroline Robert) and Centre Hospitalier Regional Universitaire De Lille (Dr. Laurent Mortier). Moreover, one site has opened in Spain, at Clínica Universidad de Navarra (Dr. Miguel Sanmamed).

During 2022, CRO resources have been optimized and the CRO Voisin Consulting Life Sciences (VCLS) was contracted to assist the EU regulatory application process. The clinical team has also been strengthened by hiring Jackie Earabino as Head of Clinical Operations.

The expansion of the site network will drive enrollment towards completion and extend the clinical impact field for LTX-315. The European branch of the study is performed at highly recognized sites with intratumoral immunotherapy expertise, led by melanoma experts at each site. It will follow the same protocol as in the US, and recruitment is expected to be completed by mid-2023.

ClinicalTrials.gov Identifier: NCT04796194

ATLAS-IT-04 trial (LTX-315 in combination with adoptive T-cell therapy in advanced soft tissue sarcoma) Key data presented at ASCO 2022

In 2022, Lytix Biopharma finalized a clinical Phase II trial together with Herlev Hospital in Denmark to assess the safety and efficacy of intratumoral administration of LTX-315 in combination with Adoptive Cell Therapy (ACT). The study showed that a combination of LTX-315 and ACT has the potential to improve clinical outcomes in solid cancers with low numbers of T-cells (cold tumors), where ACT alone may not be effective. The combination of LTX-315 and ACT has significant commercial potential in several cancer indications that are less T-cell infiltrated.

The results were presented at the American Society of Clinical Oncology (ASCO) 2022 Annual Meeting, Chicago, IL, USA, in June and showed that LTX-315 stabilized the disease in heavily pre-treated patients with progressive metastatic soft tissue sarcoma for up to 26 weeks.

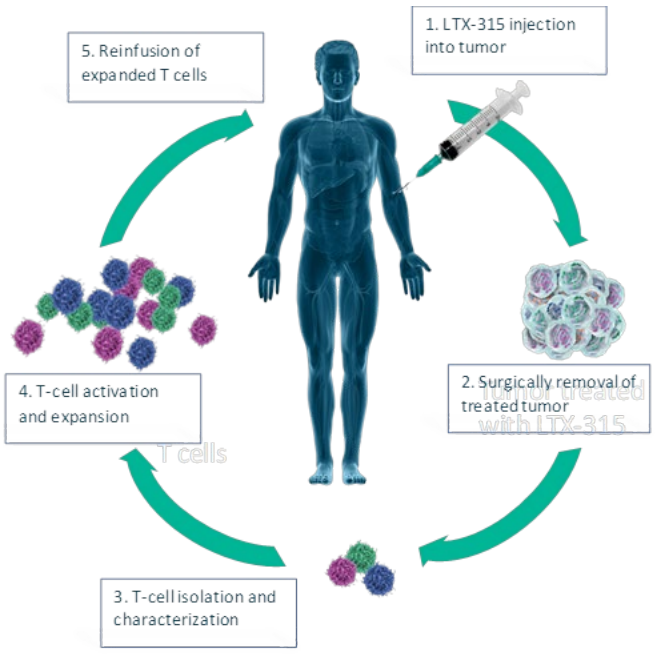
The study was conducted in heavily pre-treated patients with progressive metastatic soft tissue sarcoma (STS). STS is a rare

and heterogenous group of tumors, and current therapy is often ineffective for patients with metastatic disease. Median survival at the time of diagnosis is one year. To improve outcomes, novel therapeutic approaches are needed.

ACT is a process where the patient's T-cells are isolated from the tumor before being grown in large numbers in the laboratory and then returned to the patient. The intention is to generate large numbers of the patient's own cancer-specific T-cells that can attack the cancer cells.

In the ATLAS-IT-04 study, LTX-315, combined with ACT, demonstrated a clinical benefit in patients with progressive disease at the start of treatment. Three out of the four patients that received complete treatment (receiving LTX-315 and ACT) obtained stabilization of the disease, which in one patient persisted for 26 weeks. In addition, it was documented that LTX-315 generates neoantigen specific T-cells, which proves that LTX-315 generates T-cells that can specifically target the cancer cells.

ACT using T-cells from the patient's tumor has been shown to be capable of generating durable clinical responses in patients with melanoma, but has so far not been tested in patients with STS. Patients with STS, in contrast to melanoma patients, are generally more challenging to treat with immune-based therapies as their tumors are less infiltrated with T-cells (cold tumors). LTX-315 was evaluated in the ATLAS-IT-04 trial to increase the possibility of clinical benefit by boosting the number of tumor specific T-cells available for ACT.



The clinical treatment schedule included injection of LTX-315 into a tumor (step 1), followed by excision of the tumor (step 2), isolation and expansion of T-cells (step 3 and 4), subsequently to be returned into the patient (step 5).

The key finding from the study was that LTX-315 was able to generate a diverse pool of T-cells which were able to be expanded with ACT and showed efficacy in delaying the progression of STS. LTX-315 was well tolerated and no safety concerns were raised by combining LTX-315 with ACT. The laboratory analysis documented that LTX-315 generated T-cells that recognized several tumor antigens and induced effects on tumor cells from the same patient. Although few patients were enrolled in the ATLAS-IT-04 trial, the results from the study document LTX-315`s potential to generate multiple novel tumor-specific T-cell clones that can be expanded to billions before being reinfused to the patients. Lytix plans to start discussions with potential partners with a commercial interest in adoptive cell therapy.

In Q4 2022, Lytix finalized the Clinical Study Report (CSR), which compiles all results of the Phase II ATLAS-IT-04 study. The CSR is a central document in the drug development and regulatory submission process. The report includes the scientific rationale for the study design methods and conduct of the study, individual patient data and details of analytical methods.

ClinicalTrials.gov Identifier: NCT03725605

Key data presented at Society for Immunotherapy of Cancer (SITC) 2021

In November 2022, Lytix released new data describing how LTX-315 treatment activates specific immune cells that are critical for properly priming tumor-specific T-cells.

The data were presented as a poster at the Society for Immunotherapy of Cancer´s 37th Annual Meeting (SITC 2022) in Boston, USA.

The poster entitled "Molecular mechanisms of DC activation by melanoma cells responding to LTX-315" describes how LTX-315 can activate dendritic cells (DCs) through several distinct pathways. DCs are antigen-presenting cells capable of tumor-antigen uptake, processing, and presentation to T-cells. Once activated, DCs migrate from the tumor to the lymphatic tissue to interact with T-cells and help shape the adaptive anti-tumor immune response.

The study was a collaborative research effort between Lytix and the research groups of Dr. Lorenzo Galluzzi at Weill Cornell Medicine, New York and Dr. Joost Oppenheim at National Cancer Institute, Frederick, both in the USA.

These data are very exciting and establish the mechanisms by which LTX-315 both induces the release of tumor antigens and DC activation, the two critical steps for generating tumor specific T-cells responses. The findings further strengthen the position of LTX-315 as an anticancer immunotherapeutic agent, ideal to be combined with other types of immuno-therapy.

The Society for Immunotherapy of Cancer (SITC) Annual Meeting & Pre-Conference Programs brings together stakeholders across the cancer immunotherapy field to advance the science, discover breakthroughs and educate the world on cancer immunotherapy.

As the largest conference solely focused on cancer immunotherapy, the Annual meeting provides international leaders from academia, regulatory and government agencies, as well as industry representatives with a multidisciplinary educational and interactive environment focused on improving outcomes for all cancer patients.

The poster can be found here https://www.lytixbiopharma.com/research-development/posters.html

LTX-401

In experimental cancer models, Lytix' next-generation oncolytic molecule, LTX-401, has demonstrated a commercial potential for deep-seated tumors such as primary liver cancer and colorectal cancer that has spread to the liver as well as several additional major cancer indications located in other internal organs. In addition to demonstrating promising anticancer efficacy, a preclinical safety program required for entering human clinical trials has been completed concluding that LTX-401 has a favorable safety profile. At present, Lytix is performing activities needed to submit a clinical trial application for the ATLAS-IT-06 Phase I trial. This includes work related to the development and manufacture of the investigational LTX- 401 product, medical writing of the clinical trial protocol, Investigator brochure, IMPD (investigational medicinal product dossier) and other regulatory documents and activities related to the set-up of the clinical trial.

Intellectual property (IP) rights

Granted patent Family in Australia

Lytix has been granted the first patent from its «T-cell clonality» patent family in Australia (AU2017214321B2). The patent covers tumor-infiltrating T-cells isolated from tumors of patients that have been treated with oncolytic molecules such as LTX-315, and the therapeutic use of such T-cells, which recognize different tumor antigens, in tumor treatment, e.g., treatment by autologous T-cell therapy. Lytix has already established an expanding patent portfolio consisting of several patent families in the field of oncolytic molecules and related therapies covering key markets throughout the world.

An overview of Lytix pipeline is presented on page 11.

Financial review

ACCOUNTING POLICIES

The financial statements for Lytix have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

PROFIT AND LOSS

Total operating income for 2022 amounted to NOK 17.3 million (NOK 25.8 million for 2021). Operating income in the period was mainly related to a milestone payment of NOK 9.6 million following the license agreement with Verrica Pharmaceuticals Inc., entered in August 2020 for skin cancer diseases. The milestone payment in the first half of 2022 was triggered by the first patient being dosed with LTX-315 in Verrica's Phase II study. Other income for 2022 includes governmental grants of NOK 6.2 million (NOK 6.3 million).

Personnel expenses for 2022 came in at NOK 21.1 million (NOK 31.6 million). The decrease in personnel expenses is mainly explained by an extraordinary and non-recurring bonus payment in 2021 following the IND approval.

Direct R&D expenses amounted to NOK 51.0 million for 2022 (NOK 28.8 million). Direct R&D expenses for 2022 were related to increased activities in connection to the ongoing ATLAS-IT-05 trial in the US and EU, preclinical development of LTX-401 as well as the ATLAS-IT-04 trial in Denmark.

Other operating expenses decreased to NOK 10.8 million (NOK 13.4 million). The decrease in other operating expenses is related to extraordinary expenses following the share issue and subsequent listing on Euronext Growth in June 2021.

Loss from operations for 2022 amounted to NOK 65.7 million compared to NOK 48.0 million for 2021.

CASH FLOW

Cash flow from operating activities amounted to negative NOK 52.1 million for 2022 compared to negative NOK 44.9 million for 2021. Cash flow from investing activities was negative with NOK 50.8 million compared to nil for 2021. In Q3 2022, Lytix placed NOK 50 million in a liquidity fund explaining the negative cash flow from investing activities. Cash flow from financing activities was NOK 0.1 million in 2022 compared to NOK 213.7 million for 2021. In March 2022, Lytix announced that 1,329,306 warrants giving rights to 1,329,306 shares had been exercised by PBM LYT Holdings, LLC ("PBM LYT"), an affiliate of PBM Capital Group, LLC ("PBM"). With a subscription price per share of NOK 0.1 the

proceeds from the exercise amounted to NOK 0.1 million. The positive cash flow in 2021 is explained by the proceeds from the private placement and national placement that year. Cash and cash equivalents at the end of the reporting period amounted to NOK 94.6 million compared to NOK 197.3 million as of December 31, 2021. Cash and cash equivalents plus short-term financial assets amounted to NOK 145.2 million at the end of 2022.

STATEMENT OF FINANCIAL POSITION / BALANCE SHEET

As of December 31, 2022, Lytix had total assets of NOK 152.0 million, compared to NOK 203.0 million by the end of 2021. Trade and other receivables by end of 2022 increased to NOK 6.7 million, from NOK 5.7 million by the end of 2021.

Shareholders' equity amounted to NOK 135.1 million, increased from NOK 189.6 million in 2021. The equity ratio amounted to 88.88 percent compared to 93.43 percent in 2021.

Total current liabilities amounted to NOK 16.9 million compared to NOK 13.3 million by end of 2021.

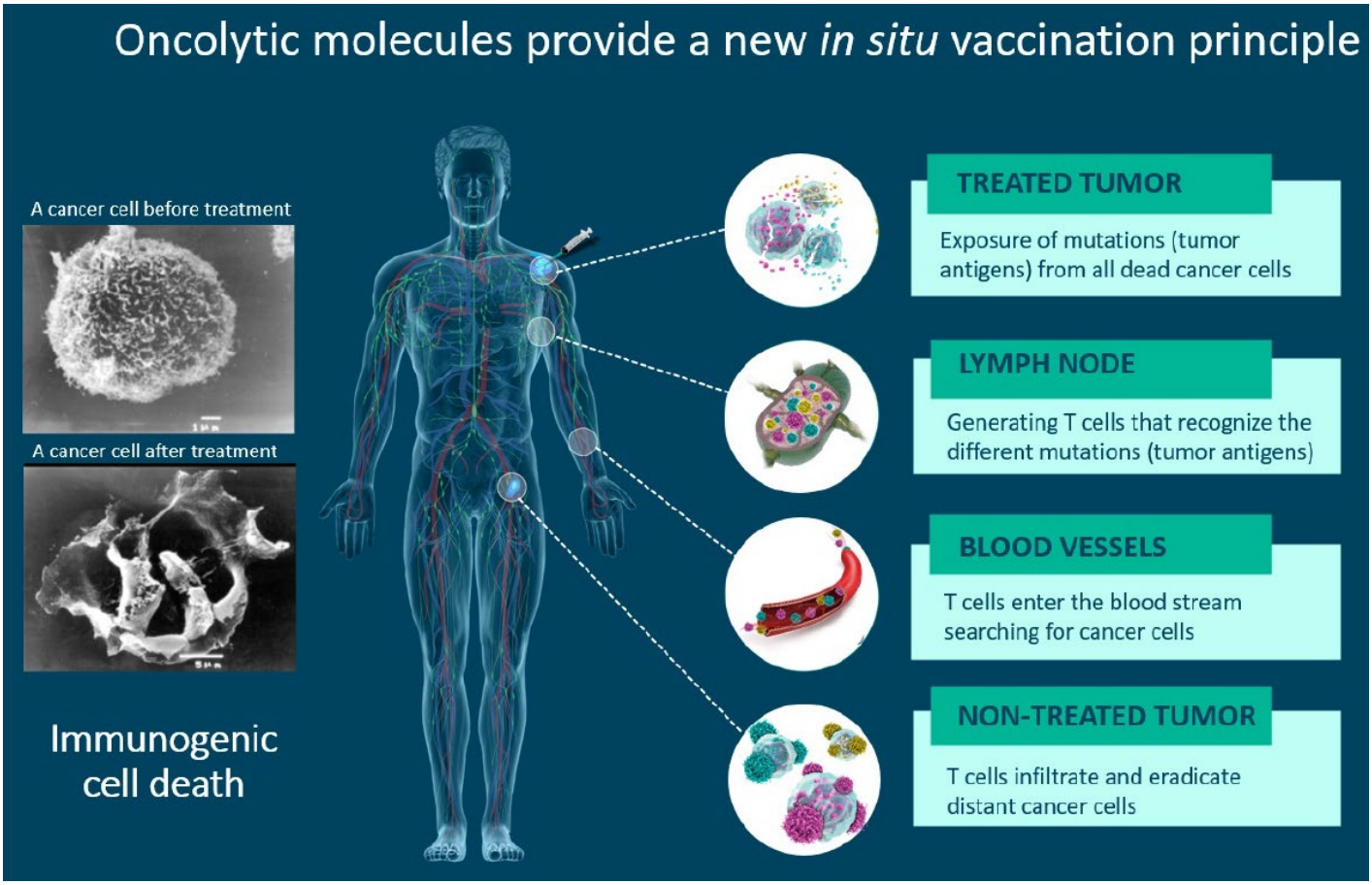
ALLOCATION OF THE 2022 RESULT

The Company's annual result amounted to a loss of NOK 56.0 million. The Board of Directors proposed that the loss is transferred from Share Premium Reserve.

Platform technology

Lytix' technology platform is based on solid preclinical and clinical research and originates from UiT, The Arctic University of Norway, Tromsø. The company has successfully generated several highly active oncolytic molecules from naturally occurring host defense peptides. These have the potential to address the main challenge to deal efficiently with cancer; the heterogeneity of the tumor, enabling the cancerous cells to escape various targeting therapies.

Lytix' oncolytic molecules kill cancer cells in a unique way resulting in an efficient release of tumor neoantigens (mutated proteins) and immune activating molecules. This process results in the activation of the patient's own killer T-cells which will enter into circulation and search for and kill cancer cells.



The oncolytic molecules are also ideal for combination with other types of immune therapies where the lack of immune cells in the patients' tumors is one of the major hurdles for these therapies to be effective.

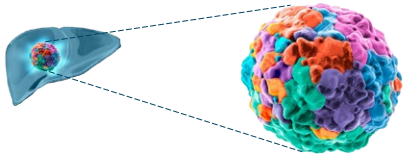
In a GlobalData survey [1], physicians ranked tumor heterogeneity as the most challenging aspect of optimizing IO therapy. Tumor heterogeneity introduces significant challenges in cancer therapy and is the main cause of treatment failure, drug resistance, relapse and recurrence.

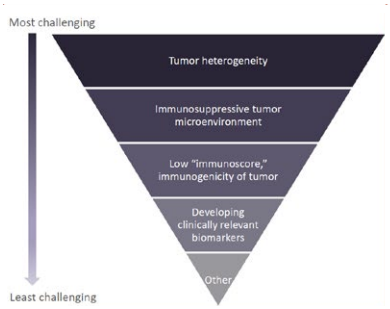
Oncology is the largest pharmaceutical market by revenue. Oncology therapeutics represented USD 184 billion in sales in 2021 (˜20% of global pharmaceutical sales) [2]. To capture a larger market share, parallel development across multiple indications,

GENERATING A SYSTEMIC AND LASTING ANTI-TUMOR IMMUNITY

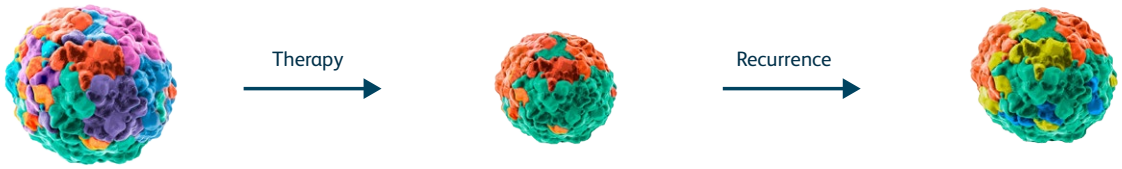
Oncolytic molecules work by inducing immunogenic cell death of cancerous cells and by activating antigen presenting cells to generate tumor specific T cells. When these molecules are injected straight into the tumor environment, they potentiate the patient's immune system. Lytix' approach represents an alternative and unique treatment approach to cancer vaccination. So far, data has demonstrated that Lytix' molecules can generate a systemic and lasting anti-tumor immunity.

The challenge
– the heterogenity of cancer





Failing to kill all cancer cells often leads to recurrence of even "harder to treat" tumors

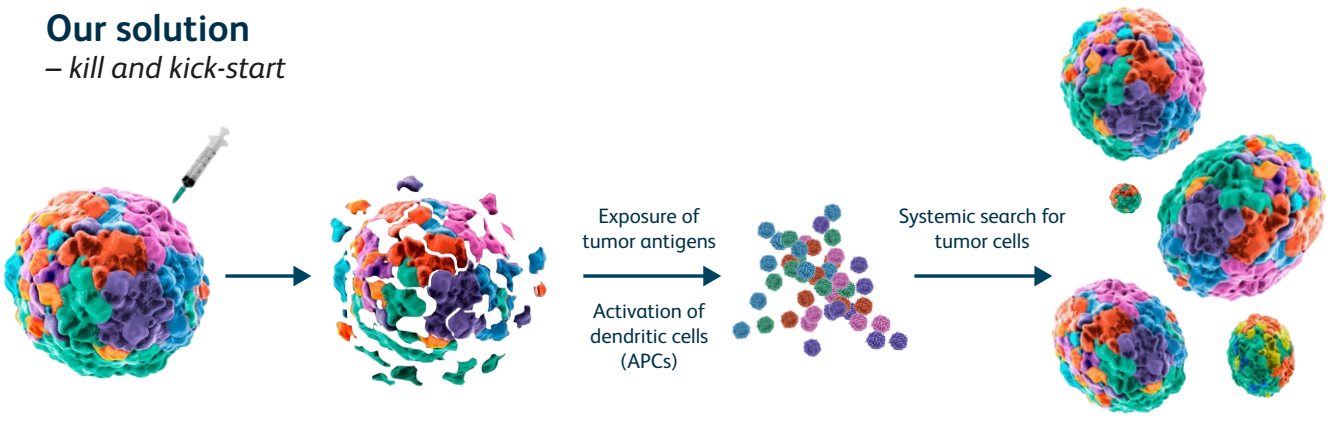


Primary tumor

Therapy resistant cancer cells

Resistant cancer cells and new cancer cells

Our solution
– kill and kick-start



Activation of a broad repertoire of T cells that can recognize the diversity of tumor cells.

Other non-treated tumors

1 *Source: GlobalData High-Prescriber Survey (December 2020)*

2 *Source: IQVIA Research, 2023*

increases the value of an individual asset and makes deal-making more likely. Unmet need remains high, and the market is expected to reach $269 billion by 2025 [3]. The key driver behind this future growth is expected to be immuno-oncology combination therapies. Lytix' oncolytic molecules are synergistic and complementary to other immuno-oncology therapies with the potential to create new treatment paradigms.

By addressing the main challenge across a wide section of cancer indications as well as being able to combine with many other immuno-oncology therapies, Lytix' oncolytic molecules have the potential to claim a unique position within immuno-oncology, creating significant patient impact as well as value for Lytix.

Product candidates and portfolio

Lytix Biopharma's unique *in situ* vaccination technology platform offers a whole range of product opportunities and has the capacity to improve the lives of patients across many cancer types.

The developmental program is progressing the oncolytic molecules both as monotherapy, as a combination partner with checkpoint inhibitors and as an adjunct to cell therapy.

After the recent completion of the ATLAS-IT-04 study in adoptive T-cell therapy, LTX-315 is now being evaluated in two different Phase II trials, both as monotherapy and as combination therapy with the checkpoint inhibitor pembrolizumab.

Lytix' ATLAS-IT-05 clinical trial with LTX-315 was initiated at the MD Anderson Cancer Centre in the US and recently expanded to six sites in Europe. It is planned to include 20 patients with metastatic melanoma, a patient population with a significant unmet medical need.

LTX-401 is a second-generation candidate drug; it is a small molecule and thus can be administered at higher doses than LTX-315 and used for the treatment of tumors seated deep in the body. The next step is to evaluate LTX-401 in a Phase I human clinical trial.

Product candidate	Description	Indication	Discovery	Preclinical	Phase I	Phase II	Phase III
LTX-315	**Atlas-IT-05** Pembrolizumab (Keytruda®)	Melanoma patients progressed on checkpoint inhibitors					
	Phase II by Verrica Pharmaceuticals (monotherapy)	Basal cell carcinoma					
	Atlas-IT-04 Adoptive Cell Therapy	Advanced soft tissue sacroma			COMPLETED		
LTX-401	Monotherapy	Liver cancer					
Undisclosed	Undisclosed	Not applicable					

A unique technology platform	Inspired by nature	*In situ* vaccination platform
	Based on the scientific concepts of naturally occuring host defense peptides, scientifically improved for cancer therapy.	Candidate drugs to be directly injected into solid tumors priming the immune system for potent activation.

3 *Source: IQVIA Research, 2023*

Product candidates

LTX-315

LTX-315, the lead candidate of Lytix, is a 9 amino acid peptide developed from bovine lactoferricin. It is a first-in-class oncolytic molecule that is developed for intratumoral injections. Preclinical studies have demonstrated that treatment of solid tumors with LTX-315 results in growth inhibition, complete regression, and long-lasting tumor specific immune protection. These studies also demonstrate that the treatment results in a significant increase of the number of tumor-infiltrating T-cells in the tumor micro-environment (Sveinbjørnsson, B et al. 2017).

LTX-315 has undergone a comprehensive Phase I clinical trial in heavily pretreated patients. In this clinical trial, one of the key features of LTX-315 treatment, to promote T-cell infiltration into tumors, was evident in the cancer patients. LTX-315 was shown to be a potent drug with the ability to also create systemic effects based on local injection of tumors. LTX-315 was either given as monotherapy or in combination with a checkpoint inhibitor to patients with transdermal accessible tumors. The trial has shown that LTX-315 has an acceptable safety profile without any added safety concerns when given in combination with a checkpoint inhibitor. The scientific foundation has been laid to claim that LTX-315 is clinically active and contributes to immune-mediated anti-cancer activity (Spicer et al. 2018/Spicer et al. 2021). Based on the data from the Phase I clinical trial, the dosing regimen of LTX-315 has been assessed and optimized for the ATLAS-IT-05 study.

LTX-315´s ability to induce T-cell infiltration into tumors can be further exploited in adoptive cell therapy. This kind of therapy implies the isolation of T-cells from the tumor, expansion in the laboratory and transfer back to the patient to improve the immune response against the tumor. The ATLAS-IT-04 study at Herlev Hospital in Denmark was set up to evaluate the potential of LTX-315 to enhance the number of T-cells prior to isolation and expansion of the T-cells to billions. The T-cells were then given back to the patient. In this study LTX-315 is administered in combination with adoptive T-cell therapy in advanced soft tissue sarcoma patients. During the study an extensive immune profile was measured to characterize the immune status and nature of immune response together with monitoring clinical response. The results were presented at ASCO in June 2022.

LTX-401

LTX-401 is a small molecule that has a potential as treatment of deep-seated tumors such as hepatocellular carcinoma (liver cancer) and liver metastases. In several experimental models, LTX-401 induces complete regression after intratumoral injection with a subsequent development of systemic immune protection. LTX-401 has shown increased efficacy when combined with checkpoint inhibitors and has demonstrated significant effects in experimental liver cancer models. The non-clinical development is completed and the asset is currently being prepared for a Phase I clinical trial.

UNDISCLOSED

Lytix is pursuing several new opportunities, all of them based on the *in situ* vaccination technology platform that delivered LTX-315 and LTX-401. Further information on these will be provided as they advance from early stage of development.

Partnerships

VERRICA PHARMACEUTICALS INC

Verrica is a Nasdaq-listed dermatology therapeutics company developing medications for skin diseases requiring medical interventions, and it is headquartered in West Chester, Pennsylvania. In August 2020, Lytix announced that it entered into a license agreement providing Verrica with a world-wide license to develop and commercialize LTX-315 for all malignant and pre-malignant dermatological indications (skin cancer). Lytix maintains all rights to the use of LTX-315 in patients with metastatic melanoma and metastatic Merkel cell carcinoma. Verrica will assume responsibility for manufacturing of the LTX-315 drug product, while Lytix retains responsibility for manufacturing of the active pharmaceutical ingredient (API). Under the license agreement, Lytix may receive aggregate payments of up to USD 111m upon achievements of certain clinical, regulatory and sales milestones as well as tiered royalty payments in the double-digit teens.

Verrica intends to focus initially on basal cell and squamous cell carcinoma as the lead indications for development for LTX-315, and in November Verrica got an US IND approval to initiate a Phase II clinical trial in basal cell carcinoma. The first patient was recruited to the study and treated with LTX-315 in April 2022.

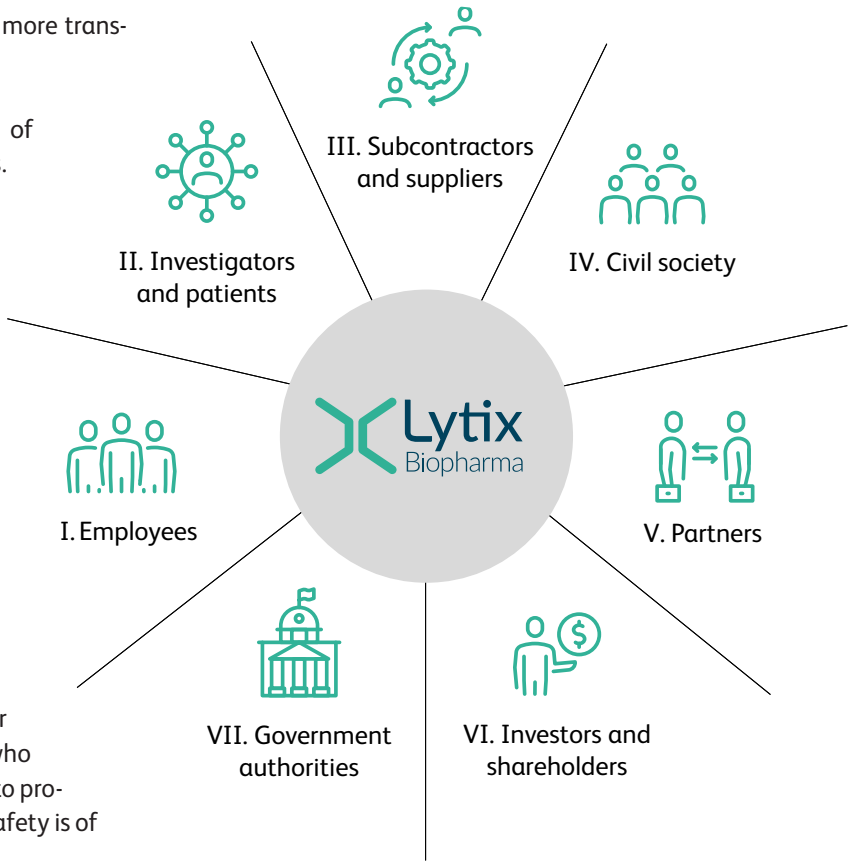
The American Cancer Society has estimated that about 5.4 million basal cell carcinoma (BCC) and squamous cell carcinomas (SCC) are diagnosed in the US annually. With about 80% of these skin cancers being BCC there is a significant potential for new treatment options.

Environment, social and corporate governance (ESG)

ESG reporting is the disclosure of environmental, social and corporate governance impacts. It enables Lytix to be more transparent about the risks and opportunities it faces.

This report covers sustainability topics that are of importance to Lytix and the company's stakeholders. The report includes stakeholder dialogues and materiality assessment undertaken in Q4 2022.

Lytix is in regular contact with stakeholder groups and strives for an active stakeholder dialogue. Consequently, the company will update the stakeholder dialogue and materiality assessment as applicable in future ESG reports.



LYTIX' STAKEHOLDERS

I. Employees: Lytix' employees are directly affected by the company's internal policies and activities, and directly affect the company through their performance and actions. We are proud of our employees who are at the core of our services and who shape our values-based culture. We are committed to providing a workplace where our people's health and safety is of paramount importance.

II. Investigators/Patients: Lytix' customers consist of oncologists, hospitals, clinics and the cancer patients they treat. Customers are directly affected by the quality and safety of Lytix' products, and we are committed to conducting our business in a way that best protects them. We aim to be a trusted partner through providing tailored information to all healthcare professionals and their patients, with compassion for each and every one of them.

III. Subcontractors/Suppliers: Managing supply chain risks, impacts, and capturing opportunities for sustainable value creation is complex. However, the fundamental steps are common across all companies and organizations: understanding, planning and implementing. Learning from outcomes is essential in order to deepen and broaden the value of a Supply Chain strategy. Suppliers directly affect the company through the quality and pricing of their products and services, and Lytix carefully considers whether or not to enter into contracts with every new supplier.

IV. Civil society: Local communities are indirectly socially, environmentally and economically affected by Lytix' activities in terms of job creation, contribution to local value creation and environmental impact. We want to have a positive impact on the communities in which we operate.

V. Partners: Lytix' partners are directly affected by Lytix' activities and the quality and safety of Lytix' products. Lytix is in return directly affected by the partners performance and actions.

VI. Investors/Shareholders: Lytix' investors and owners are primary stakeholders and directly affect the company's priorities and strategic direction. Lytix' economic and business performance may affect the priorities of investors and shareholders.

VII. Government authorities: Government and regulatory authorities affect the company's operating conditions directly and indirectly through laws and regulations.

While we continue to grow, adapt and improve to meet the challenges and embrace the opportunities that our stakeholders face, our values remain at the core of how we do business.

As our ESG program develops so too does our focus, away from a mostly compliance driven approach to one that is led by organizational strategy and stakeholder views.

LYTIX' MATERIALITY ASSESSMENT

The ESG materiality assessment is a tool used to identify and prioritize ESG issues that are the most critical to a company. The materiality assessment presented below is designed to identify and understand the relative importance of specific ESG topics to Lytix. This involves looking at a variety of factors from two different vantage points: importance to business success and importance to stakeholders.

Based on stakeholder input and priorities, as well as an assessment of the company's business impact, the materiality of each suggested ESG topic was considered.

The results are presented in the materiality matrix below, with topics considered material for Lytix in the upper right section.

Through the materiality assessment Lytix has identified ESG topics that are important to follow up on, based on business relevance and stakeholder interest. These ESG topics are presented in the list below:

Environment

1. **Environment and climate impact**
   - Climate change – Greenhouse gas emissions (GHG)
   - Natural capital – deforestation, biodiversity, water
   - Pollution and waste

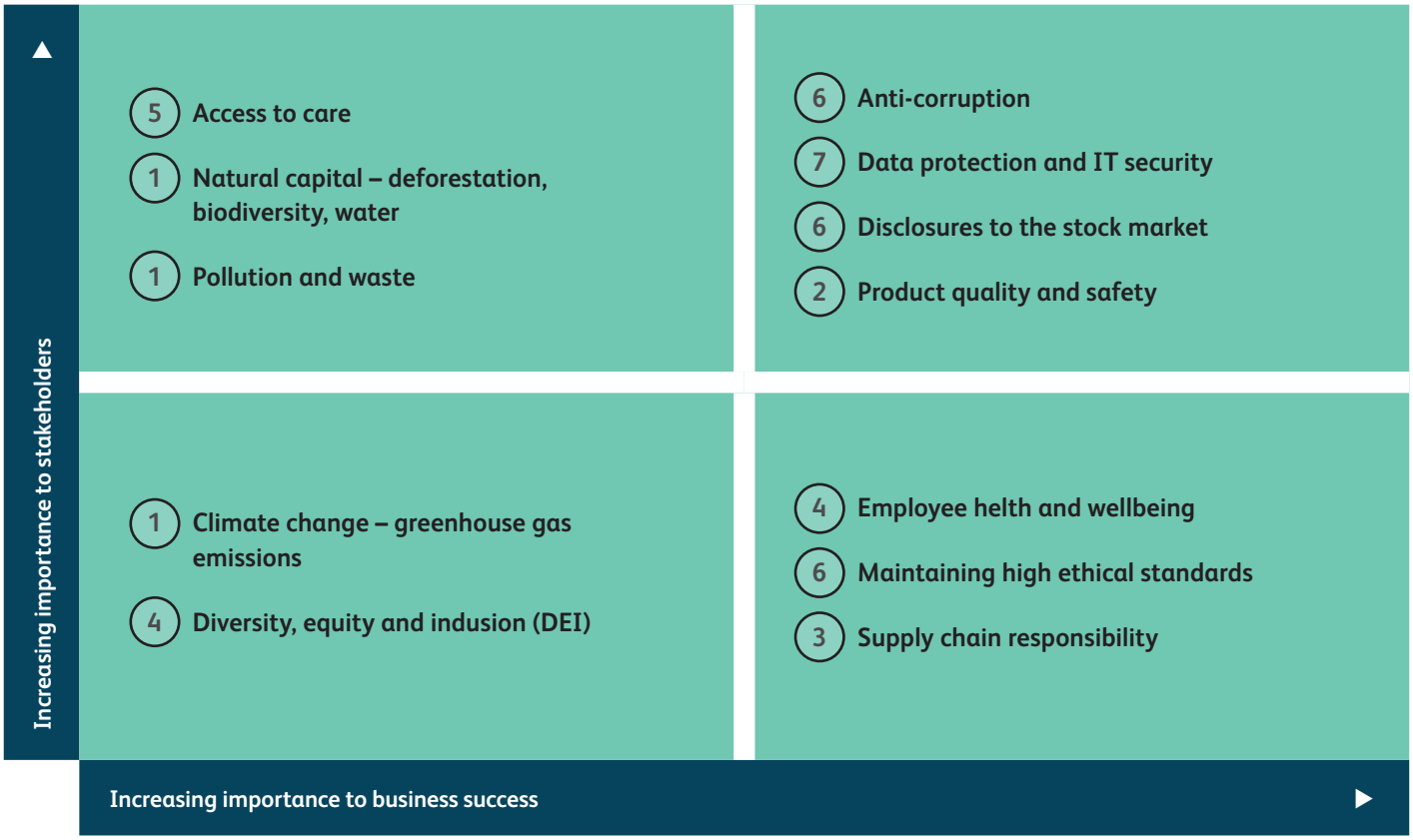
Social

2. **Product quality and safety**
3. **Supply chain responsibility**
4. **Human rights and human capital**
   - Employee health and wellbeing
   - Diversity and inclusion
5. **Access to care**

Governance

6. **Business ethics and transparency**
   - Anti-corruption
   - Maintaining high ethical standards
   - Disclosures to the stock market
7. **Data protection and IT security**

Materiality matrix:



ENVIRONMENT

Environment and climate impact

Lytix strives to minimize its environmental footprint. The environmental footprint stems mainly from the resources consumed in office spaces as well as indirect business activities such as travel and supply chain operations. As such, Lytix' operations have a limited impact on the external environment with regards to direct pollution and emissions, as production and distribution activities are outsourced. Nonetheless, we acknowledge that our subcontractors – and their emissions – are part of our supply chain and, hence, indirect emissions. We acknowledge to be part of a major industry with a significant footprint in total. Even the most innovative and advanced modern pharmaceuticals often have key ingredients sourced from the natural world. We are highly aware that the massive loss of biodiversity is a threat to medical innovations and potential treatments that are yet to be discovered. Alongside the climate crisis, we are facing a nature crisis. Many critical ecosystems, such as tropical rainforests, are under threat. As a response, the pharmaceutical industry must engage in the protection of the natural web that provides us with irreplaceable ecosystem services such as key medical ingredients.

SOCIAL

Product quality and safety

To guarantee the highest possible levels of health and safety for patients, Lytix is committed to guarantee product quality and safety throughout its supply chain.

During the research phase, specific clinical studies are carried out to ensure the efficacy and safety of the products and confirm the absence of any possible dangerous side effects. Furthermore, the results of these studies are assessed by regulatory bodies in Europe and in the US.

Within the supply chain, Lytix' suppliers are selected according to stringent criteria and are periodically audited to confirm compliance with the applicable quality and regulatory standards required.

All medicinal products are produced in accordance with Good Manufacturing Practices (GMPs). Lytix does not have its own production facilities, and therefore use third parties for production. All third-party production facilities used by Lytix are subject to periodic audits, verifying the existence of the necessary regulatory authorizations required and ascertaining that all manufacturing and control activities are conducted in compliance with the highest quality standards.

All personnel engaged in GxP, product quality and safety monitoring procedures receive training at least once a year on topics related to GxP. All personnel receive periodic updates on the various procedures, with particular reference to procedures regarding deviations, complaints and safety reporting.

Benefit to society – access to care

Social impact and benefits to society is the cornerstone of Lytix' mission, with the aim of improving the lives of patients around the globe through novel cancer treatment. This is in line with the overall goal of the recently implemented UN Mission on Cancer which has been formulated as: "By 2030, more than 3 million lives saved, living longer and better". Our work will contribute to achieving the UN Sustainable Development Goal ("SDG") 3: "Ensure healthy lives and promote well-being for all at all ages" and fits into Target 3.4 by reducing the number of deaths due to cancer by providing products for effective treatment. Our projects are now benefitting patients as they have the possibility to be included in the clinical program and get access to new innovative treatment several years before the treatment becomes available on the market.

Health, safety and wellbeing

The health, safety and wellbeing of our employees is of great importance for Lytix, and we strive to promote a culture that supports a sustainable work-life balance. During 2022, the company had 13 employees (constituting 10.8 man-years) including contracted personnel. The board considers that the working environment in the company is good, and no special measures have been implemented in this regard. The employees have not suffered any accidents or injuries in connection with their work. Despite unprecedented times during the COVID-19 pandemic, absence due to illness was all short term and less than 1%, which is in line with the previous year.

Externally, the biotech industry and regulatory authorities demand high standards for safeguarding patients during clinical trials. We follow all regulatory requirements related to conduct of clinical trials including the Helsinki declaration, ICH guidelines on good clinical practice and all applicable laws, regulations, directives, and guidance documents. These requirements are further addressed in our partner selection processes.

Animal studies are performed with the highest standards of animal welfare and is subject to European Directive No. 2010/63/UE. All studies are conducted in accordance with national legislation, under national approval and by the CRO`s internal Committee on Animal Research and Ethics. General procedures for animal care and housing are in accordance with applicable Laboratory Animal Care recommendations.

Lytix has established a quality management system consisting of a Quality manual, SOPs and forms to be in compliance with Norwegian, European and US health authorities' rules and regulations for drug manufacturing, clinical trials, drug safety and quality and to safeguard the patients. The GLP standard for laboratory practice, GMP standard for drug manufacture, GDP standard for drug distribution and GCP standard for clinical trials are embedded in our quality system.

Diversity, equity, and inclusion (DEI)

Lytix aims to be a workplace providing equal opportunities for all. We consider employee diversity to be a competitive advantage, and in order to attract and retain the best talent, we do our outmost to ensure fair and equal employment practices.
The company has traditionally recruited from environments where women and men are relatively equally represented. In terms of gender balance within the company, women constitute 33% of the Board members and 20% of the senior management team. The company promotes a productive working environment, have zero tolerance for disrespectful behavior, and is an equal opportunity employer. Discrimination in hiring, compensation, training, promotion, termination, or retirement based on ethnic and national origin, religion, sex, or other distinguishing characteristics is not acceptable.

Whistleblowing

Employees are encouraged to report any sort of misconduct within the company, which can be violations of statutory provision, internal provision, or ethical norms. Lytix recognizes that whistleblowing is of value to the firm, as it offers an opportunity to remedy misconduct. Lytix ensures that employees reporting misconduct are entitled to protection against reprisals, and matters may be reported anonymously to the organization's whistleblower contact, through the established whistleblowing e-mail, or alternatively to immediate supervisor or a member of the management team.

GOVERNANCE

Corporate governance

Lytix considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to equity. To secure strong and sustainable corporate governance, it is important that the Company ensure good business practices, reliable financial reporting, and an environment of compliance with legislation and regulations. The "Code of Conduct" sets the frame for business ethics and compliance. The Company's Board of Directors actively adheres to good corporate governance standards as described in the "Rules of Procedures of the Board of Directors" (the "Board policy") within the framework of "Norwegian Code of Practice for Corporate Governance".

Lytix has established an "Insider policy" in light of the laws and regulations surrounding the trading of shares listed on Euronext Growth and an "Information Policy" to ensure a continuous, good quality, internal and external information giving in accordance with the Euronext Growth requirements.

Anti-corruption

We have a zero tolerance for corruption. Corruption in the procurement of drugs and medical equipment drives up costs and can lead to sub-standard or harmful products. In addition to this, corruption have a disproportionate impact on the most vulnerable in society, increasing cost and reducing access to vital health services. As a standard, we conduct all our business activities in a transparent and open matter, and hold all employees, business partners and stakeholders to the same high ethical standard.

Supply chain responsibility

We see it as our ethical responsibility to ensure that the entire value chain relating to our products satisfies our requirements for sustainability and corporate social responsibility.

We aim to work with business partners (subcontractors and suppliers) during the development of our products and execution of pre-clinical and clinical trials that demonstrate the same high standards of responsible business conduct and ethical values as our own. We exercise caution in the selection process, always following Lytix' evaluation and sourcing procedures.

As part of the evaluation, Lytix obtain confirmation that the subcontractor or supplier have adequate systems or policies in place ensuring compliance with applicable laws relating to ethical and responsible standards of behavior, including, without limitation, those dealing with human rights, labor, environmental protection, sustainable development and bribery and corruption in accordance with the principles in the United Nations Global Compact.

When establishing new contracts, we encourage subcontractors and suppliers to confirm their compliance with the principles in the UN Global Compact.

Data protection and IT security

The EU personal data protection framework as laid out in Directive (EU) 2016/680 and Regulation (EU) 2016/679 came into force in 2018. As a biotech company within the healthcare space, Lytix and/or our subcontractors and suppliers may need to store personal data as part of the business. Our GDPR compliance policy, was created to ensure that Lytix process and safeguard personal data in line with the Regulation ("the GDPR"). It describes how we plan to stay compliant on an ongoing basis, with policies and procedures for particularly relevant areas of our business. Lytix has contracted a Data Protective Officer (DPO) as set out in Articles 37 to 39 of the EU Data Protection Regulation (GDPR) to oversee To be transparent on how personal data is processed, the privacy notice appears on Lytix' homepage. Privacy statements are also included in the e-mail signature for all employees. Data Processing Agreements are established between Lytix as data controller and any data processor as required.

Lytix has outsourced the IT infrastructure and support to an external vendor. The IT solution is cloud-based with firewall and virus protection provided by the vendor. A feature in Outlook enables employees to report suspicious e-mails easily. Local secure access to the exchange is via password protected log-on. The information security platform is based on international stan-

dards ISAE3402 and ISEA3000 which is audited annually by PwC. All employees are responsible for storing documents securely and locking their computer when unauthorized people have access.

ESG going forward

As a small actor in the biotech landscape, we acknowledge that we are still in the starting phase of enhancing and reporting sustainability activities and aim to strengthen our efforts in the future. In 2022 we have as a first step, completed a materiality assessment based on stakeholder inclusiveness, with the goal of identifying the most prominent environmental, social and governance (ESG) matters for the company.

Going forward, Lytix further has the ambition to annually report and assess ESG topics that are identified in the materiality assessment. Goals will be fixed by material topic, achievements and gaps will be tracked and documented, helping us understand our successes as well as areas that require more attention. The Euronext guidelines for ESG reporting will be observed. The ESG reporting will be reviewed and approved by the Board of Directors.

Building strong relationships and creating trust amongst our stakeholders is essential for Lytix' success. To do so, creating platforms for dialogue between the parties and including them in the materiality assessment is vital.

The types and location of the business

Lytix Biopharma AS is a clinical stage biotech company, located in Oslo, Norway, developing novel cancer immunotherapies, an area within cancer therapy that is aimed at activating the patient's immune system to fight cancer. The company's technology is based on pioneering research in "host defense peptides" – nature's first line of defense towards foreign pathogens.

Lytix Biopharma's lead product, LTX-315, is a first-in-class oncolytic molecule representing a new and superior in situ therapeutic vaccination principle to boost anti-cancer immunity, with the potential to be the ideal combination partner with other types of immunotherapies. LTX-315 target cancer cells and disintegrate their cell membranes, causing immunogenic cell death and release of a patient's tumor specific antigens. This mode of action allows cytotoxic T-cells to recognize, infiltrate, and attack cancer cells.

The Company was listed on Euronext Growth in Oslo in June 2021, following a private placement covered by investors such as PBM Capital, an US based, healthcare-focused investment firm.

PERSONNEL AND ORGANIZATION

Lytix' senior management team at year-end consists of Øystein Rekdal as Chief Executive Officer, Baldur Sveinbjørnsson as Chief Scientific Officer, Gjest Breistein as Chief Financial Officer, Graeme Currie as Chief Development Officer, Gry Stensrud as Chief Technical Officer and Stephen Worsley as Chief Business Officer.

Lytix has its registered address in Oslo, Norway. The Company is a limited liability company incorporated and domiciled in Norway. The Company rents office in Oslo.

RESEARCH AND DEVELOPMENT ACTIVITIES

Expenditure on research and development activities is recognized as an expense in the period in which it is incurred. Internal research and development expenses related to the company's development of products are recognized in the income statement in the year incurred unless it meets the asset recognition criteria Intangible Assets. An internally generated asset arising from the research and development phase of an R&D project is recognized if, and only if, all the following has been demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial, and other resources to complete the development and use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

Uncertainties related to the regulatory approval process and results from ongoing clinical trials generally indicate that the criteria are not met until the time when marketing authorization is obtained from relevant regulatory authorities. The company has currently no development expenditure that qualifies for recognition as an intangible asset.

FINANCIAL RISKS

Lytix is a pure research and development company which means that the company is accumulating financial losses. Operating losses are expected to continue during the development phases of the company's products, and other than potential development milestone payments from the licensing agreement with Verrica, potentially cash generating operations are not expected until one or more of the company's products are commercialized.

The company has no interest-bearing debt. Bank deposits are exposed to market fluctuations in interest rates, which affects financial income. Currency risk is limited to fluctuations in currencies relating to partners and vendors abroad. The credit risk is limited as revenues are minimal exclusive of public grants.

The company controls its cash flow from both long- and short-term perspectives through rolling cash forecasts. The company has no loan agreements involving covenants or other financial instruments or requirements.

Funding of ongoing operations is, and will be for some time, depending on external sources, mainly equity contributions. There is an inherent risk around future financing of the company, depending upon the company's own performance and on the financial market conditions. Acceptable sources of funding may not be available when needed or may not be available on acceptable terms. The company's ability to obtain capital or financing will depend in part upon prevailing market conditions as well as conditions of its business and its operating results, and those factors may affect its efforts to arrange additional financing on satisfactory terms.

NON-FINANCIAL RISKS

Lytix' activity is development of pharmaceutical medications. Research and development up to approved registration is subject to considerable risk and is a capital-intensive process. Lytix' candidates for cancer medications and technology platform are dependent on research and development and goes through several stages before commercialization and risk of failure is generally inherent throughout the process.

Technology risk

The company's product candidates are still at an early stage and the preclinical and clinical studies may not prove to be successful. Furthermore, the product candidates are dependent on continued research and development which may be delayed and/or incur higher costs than currently expected.

Competitive technology

Immunotherapy and other cancer therapeutics industries are in general highly competitive and dynamic, and as such a high-risk business. Lytix operates in this global and highly competitive industry sector and is subject to the rapid and substantial technological change. Competitive cancer treatments, either within immunotherapy or within the broader space of oncology, may affect Lytix' ability to commence and complete clinical trials, as well as the opportunity to apply for marketing authorization, and may influence future sales if marketing authorization is obtained.

Market risks

The financial success of the company will require beneficiary partner agreements as well as obtaining market access and reimbursement/pricing at attractive levels. There can be no guarantee that the company's product(s) will meet these requirements. The company will need approvals from the European Medicines Agency (EMA) to market products in Europe and from the U.S. Food and Drug Administration (FDA) to market its products in the US, as well as equivalent regulatory authorities in other foreign jurisdictions to commercialize in those regions.

D&O INSURANCE

Lytix has entered a Directors' and Officers' Liability Insurance which covers past, present, or future individual member of the board of directors and/or executive board or similar executive body of the group as well as any past, present, or future officer, de facto director, shadow director or employee of the group who is capable of incurring personal managerial liability. The insurance covers NOK 20 million per claim and in the aggregate for the policy, world-wide including USA and Canada.

GOING CONCERN

These financial statements have been prepared under the assumption that the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's ability to continue as a going concern depends on its ability to obtain additional equity financing. The Company has funded its operations primarily by shares issuances. While the Company has been successful in raising sufficient funding in the past, there can be no assurance it will be able to do so in the future.

The private placement and national placement completed in June 2021 with net proceeds of NOK 213 million ensures that Lytix has available financial resources sufficient for planned activities, in the next twelve months as of December 31, 2022. The Board of Directors states that the annual accounts represent a true and fair view of the Company's financial position at the turn of the year. According to the Norwegian Accounting Act §3-3 (a), the Board of Directors confirmed that the financial statements have been prepared under the assumption of going concern and that the grounds for this assumption exist.

POST-BALANCE SHEET EVENTS

No material events occurred between the balance sheet date and the date when the accounts were presented providing new information about conditions prevailing on the balance sheet date.

SHARE INFORMATION

As of December 31, 2022, there were 40,068,319 ordinary shares outstanding, up from 38,739,013 shares at year end 2021, following exercise of warrants.

The company has one class of shares, and all shares carry equal voting rights.

The company had more than 750 shareholders on December 31, 2022.

BOARD OF DIRECTORS OF LYTIX BIOPHARMA AS

The composition of the Board of Directors is at year-end as follows: Gert Wilhelm Munthe (Chair), Brynjar Forbergskog, Evelina Vågesjö, Jayson Rieger, Kjetil Hestdal and Marie-Louise Fjällskog. All board members are independent of the Company's executive personnel and material business at year-end. Gert W. Munthe controls a significant number of shares in the company through North Murray AS. Brynjar Forbergskog controls a significant number of shares in the company through Hifo Invest AS and Saturn Invest AS. Jayson Rieger serves as Managing Partner in PBM Capital, an US healthcare-focused investment firm. PBM Capital has invested in Lytix through the affiliate company PBM LYT Holdings, LLC.

The Board of Directors held 10 board meetings during the fiscal year 2022.

OUTLOOK

Lytix remains well positioned to advance and develop its clinical trial assets and technology platform. In the period, Lytix received regulatory approval to set up additional test sites in Europe to support its ongoing Phase II trial evaluating LTX-315 in patients with advanced solid tumors. Six sites have opened across Norway, France and Spain and recruitment is expected to be completed by by mid-2023. Lytix is also working to initiate a Phase I trial with its second-generation molecule for deep-seated cancer lesions, LTX-401. The company looks forward to the progression of Verrica's Phase II study in basal cell carcinoma. It is anticipated that Verrica will begin Part 2 of the study in the second quarter of 2023. This part will further explore dosing regimens to allow Verrica to identify the recommended dose for Part 3 of the study, which is expected to start in the second half of 2023. Financially, the company has a sufficient cash runway that will see it through 2023 and into 2024 as it continues to regularly assess the financial position to ensure that it has the necessary funds to support new and future activities.

Oslo, March 29, 2023
The Board of Directors and the Chief Executive Officer of Lytix Biopharma AS

Gert W. Munthe
Chair of the board

Brynjar Forbergskog
Director

Evelina Vågesjö
Director

Jayson Rieger
Director

Kjetil Hestdal
Director

Marie-Louise Fjällskog
Director

Øystein Rekdal
Chief executive officer

Financial statements

Statement of profit or loss

Amounts in NOK thousands	*Notes*	**2022**	2021
Revenue	*1, 3*	**1,409**	17
Other operating income	*2, 3, 4*	**15,864**	25,810
Total operating income		**17,273**	25,827
Payroll and related expenses	*5, 6*	**(21,133)**	(31,605)
Depreciation and amortization expenses	*7*	**(30)**	-
Direct R&D expenses		**(50,974)**	(28,817)
Other expenses	*8, 9, 10*	**(10,832)**	(13,421)
Total operating expenses		**(82,968)**	(73,844)
Loss from operations		**(65,695)**	(48,017)
Financial expenses	*11*	**(11,213)**	(424)
Financial income	*11*	**20,902**	392
Net financial items		**9,689**	(32)
Loss before tax		**(56,006)**	(48,049)
Tax expense	*12*	**-**	-
Loss for the period		**(56,006)**	(48,049)

Statement of financial position

Amounts in NOK thousands	*Notes*	**31.12.2022**	31.12.2021
ASSETS			
Non-current assets			
Property, plant and equipment	*7*	**124**	-
Total non-current assets		**124**	-
Current Assets			
Trade and other receivables	*13*	**6,735**	5,680
Short-term financial investments	*14*	**50,606**	-
Cash and cash equivalents	*15*	**94,552**	197,282
Total current assets		**151,893**	202,962
Total assets		**152,017**	202,962
Shareholder's equity and liabilities			
Issued capital and reserves			
Share capital	*16*	**4,007**	3,874
Share premium reserve	*16*	**131,119**	185,750
Total equity		**135,126**	189,624
Liabilities			
Current liabilities			
Trade payables	*17*	**6,997**	1,476
Other current liabilities	*17*	**9,894**	11,862
Total current liabilities		**16,891**	13,338
Total liabilities		**16,891**	13,338
Total equity and liabilities		**152,017**	202,962

Oslo, March 29, 2023
The Board of Directors and the Chief Executive Officer of Lytix Biopharma AS

Gert W. Munthe
Chair of the board

Brynjar Forbergskog
Director

Evelina Vågesjö
Director

Jayson Rieger
Director

Kjetil Hestdal
Director

Marie-Louise Fjällskog
Director

Øystein Rekdal
Chief executive officer

Interim statement of cash flows

Amounts in NOK thousands	*Notes*	**2022**	2021
Cash flows from operating activities			
Loss for the period		**(56,006)**	(48,049)
Adjustments for:			
Depreciation and amortization expenses	*8*	**30**	
Share-based payment expense	*17*	**1,376**	4,055
Increased/decreased in trade and other receivables	*12*	**(1,055)**	(1,513)
Increased/decreased in trade and other payables	*14*	**3,553**	610
Cash generated from operations		**(52,102)**	(44,896)
Income tax paid		**-**	-
Net cash flows from operations		**(52,102)**	(44,896)
Investing activities			
Investments in tangible assets	*8*	**(154)**	-
Interest received		**-**	-
Increase/decrease in other investments		**(50,606)**	-
Net cash from/(used) in investing activities		**(50,761)**	-
Financing activities			
Proceeds from share issue	*15*	**133**	213,728
Net cash from/(used in) financing activities		**133**	213,728
Net increase in cash and cash equivalents		**(102,730)**	168,832
Cash and cash equivalents at the beginning of the period		**197,282**	28,450
Cash and cash equivalents at the end of the period	*13*	**94,552**	197,282

Notes to the financial statements

Basis for preparation and significan accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out bellow. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are presented in NOK, which is also the Company's functional currency. Amounts are rounded to the nearest thousand unless otherwise stated.

These financial statements were approved for issue by the Board of Directors on March 29, 2023.

Basis for preparation of financial statements
The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Use of estimates
The preparation of accounts in accordance with the recognition- and measurement criteria in accordance with the Norwegian Accounting Act requires the use of estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in the following notes.

Revenue
Revenue comprises the fair value of any consideration received or due consideration for the sale of services in regular business activities. Revenue is presented net of value added tax provided the amount of revenue can be measured reliably and it is probable that the company will receive any considerations. The company's products are still in the research and development phase, and it has no revenue from sales of products yet.

Revenues for services are recognized when the services are performed, and the company has a right to payment.

The company's revenue is not significantly affected by seasonality or other variations throughout the reporting period.

Foreign currency
Transactions entered by the Company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

Classification and assessment of balance sheet items
Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

Property, plant and equipment
Items of property, plant and equipment are initially recognized at cost. As well as the purchase price, cost includes directly attributable costs. The corresponding liability is recognized within provisions. Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of the asset. If significant individual parts of the assets have different useful lives, they are recognized and depreciated separately. Depreciation commences when the assets are ready for their intended use. The estimated useful lives of the assets are as follows:

- Office equipment 3 years
- Furniture and fittings 3 years

Intangible assets
Expenditure on own Research and Development are expensed as and when they incur. Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the cost can be measured reliably. Otherwise, such expenditure is expensed as and when incurred. Capitalized development costs are amortized linearly over the asset's expected useful life.

Receivables
Accounts receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made based on individual assessments of the individual receivables.

Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

Share capital
Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

Defined contribution plan
With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognized as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Other long-term service benefits
Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Share-based payments
Where equity settled share-options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss over the vesting period. Non-market vesting conditions are considered by adjusting the number of equity instruments expected to

vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. If all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss is charged with the fair value of goods and services received.

Leased assets
Where substantially all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

The Company has not attended leasing agreements where substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease").

Research and development
Expenditure on research activities is recognized as an expense in the period in which it is incurred. Internal development costs related to the Company's development of products are recognized in the income statement in the year incurred unless it meets the asset recognition criteria Intangible Assets. An internally generated asset arising from the development phase of an R&D project is recognized if, and only if, all the following has been demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial, and other resources to complete the development and use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

Uncertainties related to the regulatory approval process and results from ongoing clinical trials generally indicate that the criteria are not met until the time when marketing authorization is obtained from relevant regulatory authorities. The Company has currently no development expenditure that qualifies for recognition as an intangible asset.

Tax
Income tax expense represents the sum of taxes currently payable and deferred tax.

Deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for taxable temporary differences and deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Currently, no deferred tax asset has been recognized in the financial statements of the Company.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Government grants
Government grants are recognized at the value of the contributions at the transaction date. Grants are not recognized until it is probable that the conditions attached to the contribution will be achieved. The grant is recognized in the income statement in the same period as the related costs and is presented separately as other operating income.

Where retention of a government grant is dependent on the Company satisfying certain criteria, it is initially recognized as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the Profit and loss statement for Lytix Biopharma AS.

Provisions
The Company has recognized provisions for liabilities of uncertain timing or amount. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability.

Cash flow statement
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Going concern
These financial statements have been prepared under the assumption that the Company will continue as a going concern. The going concern basis of presentation assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's ability to continue as a going concern depends on its ability to obtain additional equity financing. The Company

has funded its operations primarily by shares issuances. While the Company has been successful in raising sufficient funding in the past, there can be no assurance it will be able to do so in the future. The private placement and national placement completed in June 2021 ensures that Lytix has available financial resources sufficient for planned activities, in the next twelve months as of December 31, 2022. The Board of Directors therefore continues to adopt the going concern basis in preparing the company's financial statements.

NOTE 1 REVENUE

Amounts in NOK thousands	**2022**	2021
Revenue	**1,409**	-
Other income	**-**	17
Total revenue	**1,409**	**17**

The company's products are still in the research and development phase, and there is no revenue from sales of products yet.

NOTE 2 OTHER OPERATING INCOME

Amounts in NOK thousands	**2022**	2021
Other operating Income		
Government grants recognized in profit and loss	**6,242**	6,332
Other	**9,622**	19,478
Other operating Income	**15,864**	25,810

The second development milestone related to the licensing agreement with Verrica Pharmaceuticals was triggered in April 2022 when the first patient was dosed in Verrica's phase II study. This achievement released a milestone payment of USD 1.0 million to Lytix.

NOTE 3 GEOGRAPHICAL DISTRIBUTION INCOME

Amounts in NOK thousands	**2022**	2021
Geographical distribution		
Norway	**6,242**	6,537
US	**11,031**	19,290
Total operating income	**17,273**	25,827

NOTE 4 GOVERNMENT GRANTS

Government grants are recognized in profit or loss as "other operating income" with the following amounts:

Amounts in NOK thousands	**2022**	2021
Government grants		
Tax refund (across all R&D activities)	**4,742**	4,069
The Norwegian Research Council (BIA grant)	**-**	2,263
Oslo Regional Research Fund (RFF grant)	**1,500**	-
Other operating Income	**6,242**	6,332

The SkatteFUNN R&D tax incentive scheme is a government program designed to stimulate research and development (R&D) in Norwegian trade and industry. Approved projects may receive a tax deduction of up to 19 percent of the eligible costs related to R&D activity. All costs must be associated with the approved project.

In February 2022 Lytix announced that it has been awarded a NOK 3 million grant from Oslo Regional Research Fund (Regionalt Forskningsfond Oslo) for 2022 and 2023 supporting the development of the oncolytic molecule LTX-401.

NOTE 5 PAYROLL AND RELATED EXPENSES

Amounts in NOK thousands	**2022**	2021
Payroll and related expenses, including directors, comprise		
Salaries and bonus	15,814	24,381
Defined contribution pension const	820	789
Share-based payment expense	1,376	4,055
Social security contributions	1,597	1,864
Other personnel costs	1,526	517
Total payroll and related expenses	21,133	31,605

The number of man-years employed during the year:

	2022	2021
Number of man-years employed	**8.5**	8.3

The number comprises only regular employees on payroll.

In 2021 Lytix paid an extraordinary and non-recurring bonus payment which was linked to the IND approval in January 2021 and the following milestone payment from Verrica Pharmaceuticals due to this approval.

Defined contribution pension scheme
Lytix Biopharma AS is required to have a pension scheme in accordance with the Norwegian law of mandatory occupational pension. The company's pension scheme fulfils the requirements of the law.

Bonus scheme
Lytix has implemented a bonus system covering all employees. The company recognizes a liability and an expense for bonuses based on a short-term incentive plan for employees linked to achievement of corporate objectives determined by the Board.

Management remuneration 2022

Amounts in NOK thousands	Salary	Board remuneration	Pension cost	Share-based payments	Other remuneration	**Total**
Management team:						
Øystein Rekdal, CEO[1]	3,970	-	130	250	9	**4,359**
Directors (non-executive):						
Gert W. Munthe, Chairperson	-	360	-	-	-	**360**
Marie-Louise Fjällskog, member	-	240	-	-	-	**240**
Brynjar Forbergskog, member	-	240	-	-	-	**240**
Kjetil Hestdal, member	-	240	-	-	-	**240**
Jayson Rieger, member	-	240	-	-	-	**240**
Evelina Vågesjö, member	-	240	-	-	-	**240**

1) Salary in this table include both fixed salary and bonus. Øystein Rekdal's fixed salary is NOK 3,1 million. Management and employees of the company are entitled to an annual bonus based on the achievement of important milestones for the company and for the individual employee. The maximum of such bonus is for the CEO up to 50% of annual base salary.

Management remuneration 2021

Amounts in NOK thousands	Salary	Board remuneration	Pension cost	Share-based payments	Other remuneration	**Total**
Management team:						
Øystein Rekdal, CEO [1]	7,429	-	124	653	10	**8,216**
Directors (non-executive):						
Gert W. Munthe, Chairperson [2]	-	-	-	-	150	**150**
Marie-Louise Fjällskog, member	-	-	-	-	-	**-**
Brynjar Forbergskog, member	-	-	-	-	-	**-**
Kjetil Hestdal, member	-	-	-	-	-	**-**
Jayson Rieger, member	-	-	-	-	-	**-**
Evalina Vågesjö, member	-	-	-	-	-	**-**
Debasish F. Roychowdhury, former member	-	200	-	-	-	**200**
Per Erik Sørensen, former member	-	200	-	-	-	**200**

1) Øystein Rekdal's fixed salary is NOK 3,1 million. In 2021 he received an extraordinary and non-recurring bonus linked to the milestone payment from Verrica Pharmaceutical which was a result of the approval of Lytix' IND in January 2021. Management and employees of the company are entitled to an annual bonus based on the achievement of important milestones for the Company and for the individual employee. The maximum of such bonus is for the CEO up to 50% of annual base salary. There have been no such bonus payments for 2021.

2) Reference is made to the comment regarding remuneration to Mr. Munthe for 2020. The remaining NOK 150 thousand of related to the consultancy assignment was invoiced in 2021.

No loans or guarantees have been given to any members of the management, the Board of Directors, or other corporate bodies. Besides the stock option programs and the fee paid to North Murray AS described above, no additional remuneration has been given for services outside the normal functions as a manager or non-executive director besides what is stated above.

Benefits upon termination
The CEO has a notice period of 6 months. If the employment is terminated by the Company, the CEO shall receive a severance pay equivalent to 100% of his ordinary fixed salary for 6 months after the expiry of the notice period.

Amounts in NOK thousands	**2022**	2021
Shares controlled by the management team and board of directors		
Management team:		
Øystein Rekdal, CEO	**139,963**	126,963
Gjest Breistein, CFO	**11,112**	11,112
Baldur Sveinbjørnsson, CSO	**4,280**	4,280
Gry Stensrud, CTO	**5,000**	5,000
Former member of management team:		
Jørund Sollid, ex CBO (through Partner & Sollid AS)	**-**	2,000
Board members (non-executive):		
Gert W. Munthe, Chairperson (through North Murray AS)	**2,968,878**	2,810,359
Brynjar Forbergskog (through Hifo Invest AS and Saturn Invest AS)	**1,111,110**	1,111,110
No. of shares controlled by the management team and board members	**4,240,343**	4,070,824

Options held by the management team 2022

	Opening balance	Granted	Lapsed/ forfeited	**Ending balance**
Gert W. Munthe, Chairperson	300,000	-	-	**300,000**
Øystein Rekdal, CEO	983,516	420,000	-	**1,403,516**
Baldur Sveinbjørnsson, CSO	393,407	100,000	-	**493,407**
Gjest Breistein, CFO	262,271	67,000	-	**329,271**
Jørund Sollid, CBO	196,703	-	(196,703)	**-**
Gry Stensrud, CTO	196,703	67,000	-	**263,703**
Stephen Worsley, CBO	0	300,000	-	**300,000**
Graeme Currie, CDO	-	50,000	-	**50,000**
Total	2,332,600	1,004,000	(196,703)	**3,139,897**

Options held by the management team 2021

	Opening balance	Granted	Lapsed/ forfeited	**Ending balance**
Gert W. Munthe, chair of the board	300,000	-	-	**300,000**
Øystein Rekdal, CEO	983,516	-	-	**983,516**
Baldur Sveinbjørnsson, CSO	393,407	-	-	**393,407**
Gjest Breistein, CFO	262,271	-	-	**262,271**
Jørund Sollid, CBO	196,703	-	-	**196,703**
Gry Stensrud, CTO		196,703	-	**196,703**
Total	2,135,897	196,703	-	**2,332,600**

As of December 31, 2022, the company operates one equity-settled share-based remuneration scheme for employees. See note 15.

NOTE 6 SHARE OPTION PROGRAMS

Since 2013 Lytix has established several share-based incentive programs for the company's management, employees and consultants to the company, under which the entity receives services from employees as consideration for equity instruments in Lytix Biopharma AS. The incentive programs consist of share options. In September 2020, all employees were awarded share options in the new option program E replacing all existing option programs for the employees. By year-end 2021 Lytix has the following active share-based incentive programs: E, F, Chairman, Strategic advisors (1) and Strategic Advisors (2). In 2020, all options granted under program B and D were replaced by new options in program E. Program B and D are therefore cancelled.

	Program E	Chair-person	Strategic advisors (1)	Strategic advisors (2)	**Sum**
Expiration	01.05.2025	01.05.2025	12.06.2024	06.06.2025	
No of options in program	4,006,832	600,000	467,220	125,119	**5,199,171**
No of options allocated to employees, management, chairpersons, and advisors	3,226,621	600,000	467,220	125,119	**4,418,940**
Remaining options (can be allocated to individuals)	780,231	0	0	0	**780,231**

Incentive Program E: Option program for employees, management, the Board and other key personnel
In 2019 the annual general meeting established the incentive program E. The purpose of establishing this option program was to provide the employees, management, the board and other key persons with a better incentive than through the existing incentive programs, and which is better adapted to the company's financial position and the commercial considerations more broadly. This program replaced the existing programs at the time.

In consequence of the completion of the private placement and national placement, the annual general meeting 2021 resolved to increase the size of the program such that the total number of share options which can be granted corresponds to 10% of the total number of issued shares in the company. The exercise price, terms and allocation shall be decided by the board of directors.

On December 14, 2022, the Board resolved to grant 1,194,000 share options under incentive program E. The options are granted without

consideration and each option will upon exercise give the right to acquire one share in the company. The exercise price of each option is NOK 8.50, which equals to the closing share price of the company on Euronext Growth Oslo, the day prior to grant of the options. Vesting of options is subject to the option holder being qualified to be part of the Company's long term incentive program at each vesting date. All options will expire and lapse if not exercised within five years from the date of grant.

The options will vest gradually pursuant to specific vesting schedules:

- 13,000 options will vest on the date of grant and 37,000 Options will vest with 1/36 on the last day of the 36 following months.
- 40,000 options will vest on 31 January 2023 and 120,000 Options will vest with 1/36 on the last day of the 36 following months.
- 246,500 options will vest 12 months after the date of grant, while the remaining 737,500 Options will vest with 1/36 on the last day of the 36 following months.

As of December 31, 2022, a total of 3,226,621 share options were allotted to certain specific individuals through share option agreements. A total of 1,259,681 of the options granted is subject to a vesting period. The expiry date for program E is May 1, 2025.
Incentive Program Chairman

On April 24, 2018, the Board of Directors of the Company decided to allot 600,000 share options to the new chairman of the board, Espen Johnsen ("Incentive Program Chairman"). The expiry date for program Chairman was May 1, 2023. On December 2, 2019, Espen Johnsen resigned as chairman. At the same time, the number of options was reduced to 300,000 and the terms of the options were revised. The new expiry date for program Chairman is May 1, 2025.

New Chairman Gert W. Munthe was granted 300,000 options on similar terms. None of the outstanding options as of December 31, 2021, are subject to vesting.

Incentive Program Strategic advisors (1)
On June 12, 2019, the Board of Directors of the Company decided to implement a share option program of 467,220 share options ("Incentive Program Strategic advisors") to certain strategic advisors. The expiry date for program Strategic advisors is June 12, 2024. The options are subject to quarterly vesting over two years. A total of 58,403 options in program Strategic advisors (1) vested during 2021.

Incentive Program Strategic advisors (2)
At the annual general meeting 2021 it was resolved to issue 125,119 new options to certain strategic advisors. The expiry date for the new options is June 6, 2025. The exercise price is NOK 18 which is the same as the share price used in the private placement and national placement approved at the same annual general meeting. The new options are subject to quarterly vesting over two years.

In all programs, the Employee must comply with the following terms during the vesting period and up to the date for the actual and complete execution of the option rights:

i. The Employee shall not directly or indirectly by any means be involved in a business which might be in competition with the Company's business at any time unless prior, written acceptance is obtained from the Company.
ii. The Employee shall not directly or indirectly be involved in any activities related to or targeted towards the Company's customers, business partners or employees unless prior, written acceptance is obtained from the Company or is ordinary conduct of the Employee's defined Position.

	Program E		Chairperson		Strategic advisors (1)	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding as of January 1, 2021	12.0	2,032,601	12.0	600,000	12.0	467,220
Granted during the period	12.0	196,703				
Forfeited during the period						
Exercised during the period						
Lapsed during the period						
Outstanding as of December 31, 2021	12.0	2,229,304	12.0	600,000	12.0	467,220
Outstanding options vested by December 31, 2021		1,763,773		600,000		467,220
Outstanding as of January 1, 2022	12.0	2,229,304	12.0	600,000	12.0	467,220
Granted during the period	8.50	1,194,000				
Forfeited during the period	12.0	(196,703)				
Exercised during the period						
Lapsed during the period						
Outstanding as of December 31, 2022	10.70	3,226,601	12.0	600,000	12.0	467,220
Outstanding options vested by December 31, 2022		1,966,920		600,000		467,220

	Strategic advisors (2)	
	Weighted average exercise price	Number of options
Outstanding at January 1, 2021	-	-
Granted during the period	18.0	125,119
Forfeited during the period*		
Exercised during the period		
Lapsed during the period		
Outstanding at December 31, 2021	18.0	125,119
Outstanding options vested by December 31, 2021		46,920
Outstanding on January 1, 2022	18.0	125,119
Granted during the period		
Forfeited during the period*		
Exercised during the period		
Lapsed during the period		
Outstanding at December 31, 2021	18.0	125,119
Outstanding options vested by December 31, 2022		109,479

The following information is relevant in the determination of the fair value of options granted under the equity-settled share-based option agreement operated by the Company:

Equity settled	Program E	Program E	Chairperson	Strategic advisors (1)	Strategic advisors (2)
Option pricing model used	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes
Weighted average share price at grant date (NOK)	12.0	8.50	12.0	12.0	18.0
Exercise price (NOK)	12.0	8.50	12.0	12.0	18.0
Expected volatility	57.4%	66.3%	58.4%	58.4%	57.4%
Expected dividend growth rate	0	0	0	0	0
Risk-free interest rate	0.31%	2.73%	1.3%	1.2%	1.18%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of comparable companies.

The share-based remuneration expense comprises:

Amounts in NOK thousands	**2022**	2021
Equity settled schemes	**1,376**	4,055
Total remuneration expense	**1,376**	4,055

NOTE 7 PROPERTY, PLANT, AND EQUIPMENT

Amounts in NOK thousands	Machinery and equipment	**Total 2022**	Machinery and equipment	Total 2021
Carrying amount January 1	-	**-**	-	-
Additions	154	**154**	-	-
Depreciation	(30)	**(30)**	-	-
Carrying value December 31	124	**124**	-	**-**
As of January 1				
Acquisition cost	-	**-**	-	**-**
Accumulated depreciation and write-downs	-	**-**	-	**-**
Carrying amount January 1	-	**-**	-	**-**
As of December 31				
Acquisition cost	154	**154**	-	-
Accumulated depreciation and write-downs	(30)	**(30)**	-	-
Carrying amount December 31	124	**124**	-	-
Economic life (years)	3			
Depreciation plan	Straight-line method			

NOTE 8 TRANSACTIONS WITH RELATED PARTIES

Government grants are recognized in profit or loss as "other operating income" with the following amounts:

Amounts in NOK thousands	**2022**	2021
North Murray AS (Gert W. Munthe)	**-**	150

Transactions with related parties consist of invoiced fee for consultancy services.

NOTE 9 SPECIFICATION OF AUDITOR'S FEE

Amounts in NOK thousands	**2022**	2021
Specification of the auditor's fee		
Statutory audit	**279**	328
Other non-assurance services	**-**	35
Tax consultant services	**36**	55
Total auditor's fee	**315**	418

VAT is not included in the fees specified above.

NOTE 10 LEASES

The Company has operating leases for offices. The leases do not contain any restrictions on the Company's dividend policy or financing. The current office lease at Sandakerveien 138, Oslo, expires at the end of June 2024.

The lease costs were as follows:

Amounts in NOK thousands	**2022**	2021
Operating leases		
Ordinary lease payments	**1,006**	1,209
Total operating leases	**1,006**	1,209

NOTE 11 FINANCE INCOME AND EXPENSES

Amounts in NOK thousands	**2022**	2021
Financial income		
Interest income	**1,406**	138
Foreign exchange gains	**18,790**	248
Other financial income	**706**	6
Total financial income	**20,902**	392

Amounts in NOK thousands	**2022**	2021
Financial expenses		
Interest expenses	**55**	3
Foreign exchange losses	**11,067**	420
Other financial expenses	**91**	0
Total financial expenses	**11,213**	424

NOTE 12 TAX

Amounts in NOK thousands	**2022**	2021
Current tax		
Tax payable	**-**	-
Correction of previous years current income taxes	**-**	-
Deferred tax		
Changes in deferred tax	**-**	-
Changes in tax rate	**-**	-
Tax expense	**-**	-

Amounts in NOK thousands	**2022**	2021
Pre-tax profit	**(56,006)**	(48,049)
Income taxes at 22%	**(12,321)**	(10,571)
Changes in unrecognized deferred tax asset	**13,198**	13,360
Change in tax rate	**-**	-
Non-deductible expenses	**(877)**	(2,789)
Tax expense	-	-

From January 1, 2020, the tax rate in Norway is 22%. There is no effect in this year's tax expense because deferred tax from tax losses carried forward is not recognized. Deferred tax relates to the following:

	Balance sheet		Change	
Amounts in NOK thousands	**2022**	2021	**2022**	2021
Deferred tax assets				
Property, plant and equipment	**17**	21	**(4)**	(5)
Net tax on losses carried forward	**174,386**	161,184	**13,202**	13,365
Deferred tax assets	**174,403**	161,205	**13,198**	13,360
Net deferred tax assets	**174,403**	161,205	**13,198**	13,360
Net deferred tax assets not recognized	**(174,403)**	(161,205)	**(13,198)**	(13,360)
Net recognized deferred tax assets	**-**	-	**-**	-

Deferred tax assets on losses carried forward, in total NOK 174 million as of December 31, 2022 (2021: NOK 161 million), have not been recognized because it is not probable that taxable profits will be available against which deductible temporary differences can be utilized.

The Company has a total tax loss carried forward of NOK 793 million as of December 31, 2022 (2021: NOK 733 million) which has no due date.

NOTE 13 TRADE AND OTHER RECEIVABLES

Amounts in NOK thousands	**31.12.2022**	31.12.2021
Trade and other receivables		
Trade receivables	**-**	-
Governmental grants	**5,500**	4,824
VAT	**498**	309
Prepayments	**737**	548
Other receivables		-
Total trade and other receivables	**6,735**	5,680

NOTE 14 SHORT TERM FINANCIAL INVESTMENT

Amounts in NOK thousands	**31.12.2022**	31.12.2021
Short-term financial investments		
Arctic Return	**50,606**	-
Total Short-term financial investments	**50,606**	-

In accordance with our internal policies, NOK 50 million in excess liquidity was placed in a liquidity fund managed by Arctic Asset Management AS.

NOTE 15 CASH AND CASH EQUIVALENTS

Amounts in NOK thousands	**31.12.2022**	31.12.2021
Cash and cash equivalents		
Employee withholding tax	**1,373**	1,411
Variable rate bank accounts	**93,179**	195,871
Total cash and cash equivalents	**94,552**	197,282

NOTE 16 EQUITY AND SHARE CAPITAL

Amounts in NOK thousands	Share capital	Share premium reserve	**Total equity**
Balance on January 1, 2022	3,874	185,750	**189,624**
Income for the period			
Loss for the period	-	(56,006)	**(56,006)**
Total income for the period	-	(56,006)	**(56,006)**
Registration of share issue April 20, 2022	133	-	**133**
Share based payment	-	1,376	**1,376**
Total contributions by and distributions to owners	133	1,376	**1,509**
Balance on December 31, 2022	4,007	131,119	**135,126**

Amounts in NOK thousands	Share capital	Share premium reserve	**Total equity**
Balance on January 1, 2021	2,623	17,266	**19,889**
Income for the period			
Loss for the period	-	(48,049)	**(48,049)**
Total income for the period	-	(48,049)	**(48,049)**
Registration of share issue June 10, 2021	323	57,891	**58,214**
Registration of share issue June 11, 2021	928	166,072	**167,000**
Transaction cost	-	(11,486)	**(11,486)**
Share based payment	-	4,055	**4,055**
Total contributions by and distributions to owners	1,251	216,532	**217,783**
Balance on December 31, 2021	3,874	185,750	**189,624**

NOTE 17 CURRENT LIABILITIES

Amounts in NOK thousands	**31.12.2022**	31.12.2021
Current liabilities		
Accounts payable	**6,997**	1,476
Accrual for annual leave	**1,723**	1,421
Other accruals	**389**	2,351
Tax and social security payments	**950**	2,026
Other payables	**6,832**	6,064
Total current liabilities	**16,891**	13,338

NOTE 18 EVENTS AFTER THE REPORT DATE

No material events occurred between the balance sheet date and the date when the accounts were presented providing new information about conditions prevailing on the balance sheet date.

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Lytix Biopharma AS

Opinion

We have audited the financial statements of Lytix Biopharma AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tromsø, 29 March 2023
ERNST & YOUNG AS

The auditor's report is signed electronically

Kai Astor Frøseth
State Authorised Public Accountant (Norway)

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Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Kai Astor Frøseth
Oppdragsansvarlig partner
På vegne av: Ernst & Young
Serienummer: 9578-5997-4-38773
IP: 94.140.xxx.xxx
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Lytix Biopharma

Annual report 2021

Letter from the CEO

Dedicated to being part of tomorrow's cancer treatment

Cancer remains one of the world's most challenging health issues. Affecting people of all ages, cultures and lifestyles, this devastating illness represents the second most common cause of death globally. At Lytix, we have bold ambitions and are dedicated to being part of tomorrow's cancer treatment by overcoming a major challenge in current immunotherapy. We are confident that our innovative platform technology will address tumor heterogeneity, that if not addressed, leads to recurrence of the cancer and often even more therapy-resistant disease. Excitingly, our technology has potentially broad applicability across solid tumors and has the potential to be an integral part of future combination therapies.

Throughout 2021, we have focused on advancing our lead candidate LTX-315 in clinical trials. LTX-315 is delivered straight into the tumor environment. In May, we published our results in Clinical Cancer Research[1], a well-respected and peer-reviewed journal, demonstrating that local treatment with our first-in-class oncolytic molecule LTX-315 stimulates the immune system to kill cancer cells in distant non-treated tumors. We are happy to see that our technology receives increased recognition from the leading scientists globally. Scientific validation continues to be an important enabler for the significant improvement over the past year.

Overall, the year was marked by significant operational and clinical trial activity as a Phase II study was initiated in the US with MD Andersson as the lead site. The U.S. Food and Drug Administration (FDA) accepted our partner Verrica Pharmaceutical Inc's ("Verrica") (NASDAQ: VRCA) Investigational New Drug (IND) application in November. And the company raised significant capital, developed the shareholder base with a specialized corner stone investor and was admitted to trading on Euronext Growth.

New partnership signifying large commercial potential

It has been an exciting and eventful year for the company. Having previously signed an exclusive worldwide license agreement with Verrica, a leading dermatological therapeutics company based in the US, the first milestone was triggered in January 2021 year when the U.S. Food and Drug Administration approved Lytix' Investigational New Drug (IND) application, releasing a payment of USD 2.25 million to Lytix.

At the time of writing this, we are eagerly awaiting the news that Verrica has enrolled the first patient in their Phase II study evaluating LTX-315 for basal cell carcinoma – a skin cancer, which will trigger a second milestone payment. It is estimated that more than four million new patients in the US alone are burdened with this disease each year. As the projects proceed, Lytix is entitled to receive a total of USD 111 million in milestone payments and royalties.

Beyond these milestone payments, there is significant upside in our lead asset being evaluated in a second US-based Phase II study. As Verrica's trial progresses and data becomes available, we will add these data to our growing library of robust clinical data, which will be invaluable further down the line as we progress our pipeline with next-generation *in situ* vaccination technology.

As the potential of our platform is being validated by existing partners globally in several indications, we will continue to seek out additional partnerships that we believe will support the continued development of our unique *in situ* vaccination technology.

1 *Spicer et al, 2021, Clin. Cancer Res.*

SIGNIFICANT CLINICAL ACTIVITY

In June, Lytix was given the green light to initiate our Phase II clinical trial, ATLAS-IT-05, evaluating LTX-315 in combination with the immune checkpoint inhibitor pembrolizumab in patients with advanced solid tumors at the renowned cancer clinic, MD Anderson Cancer Center in Texas, US.

Shortly after that, we opened a second trial site at Mount Sinai Hospital in New York, US. The COVID-19 pandemic has caused disruption to the pace of patient recruitment; however, we are putting all efforts into completing enrolment by the end of 2022. This means we will be one step closer to receiving solid clinical data from patients on our lead asset.

We also completed enrolment of the ATLAS-IT-04 study at Herlev Hospital in Denmark, which is evaluating LTX-315 in combination with adoptive T-cell therapy (patient's own T-cells), in patients with advanced soft tissue sarcoma. The results are currently being analyzed, and we plan to present the data at an international cancer congress by the third quarter of 2022.

INDUSTRY RECOGNITION AND SUPPORT

In 2021, we also had the opportunity to showcase our research through clinical publications in Trends in Cancer[2] and Clinical Cancer Research, as well as present our scientific findings at two leading international scientific conferences, the European Society for Medical Oncology (ESMO) Congress and the prestigious Society for Immunotherapy of Cancer's (SITC) 32nd Annual Meeting. These events signal that we are at the forefront of the immuno oncology industry and have paved the way for additional speaking opportunities and ultimately placed Lytix on stage in front of a global audience. At the start of 2022, Lytix also presented at the 6th Annual Next Gen Immuno-Oncology Congress in London, UK and has been invited to present at the 5th Annual Next Gen Immuno-Oncology Congress in Boston, US.

LOOKING AHEAD TO 2022

We would not be as committed to our work if we did not believe that we were on the path to solving one of the major obstacles in current cancer therapy where tumor heterogeneity often results in drug resistance and recurrence of the disease. It is this belief that drives us to run several Phase II studies with the aim to document how our oncolytic molecules can be an integral part of future cancer combination therapies. We are looking forward to Verrica`s enrolment of the first patient in their Phase II study, which will trigger a second milestone payment.

Having laid the groundwork for what has the potential to become tomorrow's cancer treatment, we are focused on our global expansion strategy to help more cancer patients. We have added expertise to our transatlantic team as part of this strategy and will continue to secure drug supply for our clinical trials. This will also support our active partnerships and enable us to explore potential new partners.

I want to close by thanking the dedicated team at Lytix for their hard work and acknowledge how far we have come. I would also like to extend our gratitude to all our shareholders, other stakeholders and supporters for their continued support that makes it possible for us to bring this promising treatment to patients. I am excited and optimistic for the future and look forward to providing you with further updates as we advance.

Øystein Rekdal – CEO Lytix Biopharma

2 *Vitale et al, 2021, Trends in Cancer*

Highlights 2021

Business and partnership:

- Verrica Pharmaceuticals Inc. received approval from the U.S. Food and Drug Administration to initiate a Phase II study for LTX-315 in basal cell carcinoma (skin cancer). First patient enrolled in the study is expected at the beginning of 2022.
- The first development milestone was triggered in January 2021 when the U.S. Food and Drug Administration approved Lytix' Investigational New Drug (IND) application, releasing USD 2.25 million to Lytix.
- Brynjar Forbergskog, Kjetil Hestdal, Jayson Rieger, Marie-Louise Fjällskog and Evelina Vågesjö were appointed as new board members.
- Gry Stensrud (former VP at Photocure) joined Lytix as Chief Technical Officer (CTO) and Graeme Currie (former Dynavax, Regeneron, Sepracor, PDL Biopharma and BioClin) was hired as a consultant Chief Development Officer (CDO) to lead Lytix' clinical program.

Research and development:

- Following the acceptance of Lytix' IND, Lytix announced in mid-July the opening of the first clinical US site, MD Anderson Cancer Center, Texas, in a Phase II clinical trial (ATLAS-IT-05) investigating the safety and efficacy of intratumoral injection of LTX-315 in combination with pembrolizumab (Keytruda®) in patients with solid tumors.
- The first patient in ATLAS-IT-05 started treatment in December. This event marks an important milestone for Lytix, and we expect the study will deliver key data documenting the potential of Lytix' unique technology in future cancer therapy.
- The LTX-315 study for soft tissue sarcoma at Herlev Hospital in Denmark (ATLAS-IT-04) is fully enrolled with the last patient completing treatment. The study explores the potential for the application of LTX-315 in a personalized adoptive T-cell therapy setting. Data from the study is being prepared for presentation at international cancer conferences.
- Strategic research partnership established with the US-based veterinary medicine company Aurelius Biotherapeutics for a new oncolytic molecule in combination with adoptive T-cell therapy in dogs. This research can generate further insights for oncolytic molecules in combination with T-cell therapy.
- Three new patents for LTX-315 have been granted, two in the US and one in the EU, strengthening the business case, as securing IP rights is critical for the protection of Lytix' technology platform and the long-term value In May 2021, data from the Phase I clinical trial was published in Clinical Cancer Research showing that Lytix' lead candidate, LTX-315, has an acceptable safety profile, is clinically active and enhances the number of T cells in the majority of the treated cancer patients.
- Lytix presented data at Society for Immunotherapy of Cancer (SITC) 2021 in the US showing that LTX-315 provides strong therapeutic effects in a preclinical breast cancer model that is resistant to immune checkpoint inhibitors. The study was published in Oncoimmunology, a leading journal within the cancer immunology field.
- For LTX-401 – a second-generation molecule expanding the market to new cancer indications - the preclinical preparations are progressing as planned to support the submission of a clinical trial application for a Phase I study in 2022.

Financial:

- Lytix successfully completed a private placement following a national placement, raising gross proceeds of approximately NOK 225 million, through the allocation of 12,511,893 new shares at a subscription price of NOK 18 per share.
- After the successful completion of the private placement and national placement, Lytix was admitted to trading on Euronext Growth Oslo. The first day of trading on Euronext Growth was June 14, 2021.
- Total operating expenses for 2021 were related to increased R&D activities in connection to the ongoing ATLAS-IT-05 trial in the US, the ATLAS-IT-04 trial in Denmark as well as the progression of the preclinical development of LTX-401.
- Cash position at the end of the period was NOK 197.3 million compared to NOK 28.5 million at December 31, 2020.

Key figures

Amounts in NOK thousands	**2021**	2020
Total operating income	**25,827**	6,678
Total operating expense	**(73,844)**	(49,050)
Loss from operations	**(48,017)**	(42,372)
Loss for the period	**(48,049)**	(42,088)
Cash position at the end of the period	**197,282**	28,450
Trade and other receivables	**5,680**	4,168
Total assets	**202,962**	32,617
Total equity	**189,624**	19,889
Total liabilities	**13,338**	12,728
Total equity and liabilities	**202,962**	32,617

Board of directors' report 2021

Operational review

PARTNERSHIPS

LTX-315 development in partnership with Verrica

In November 2021, the U.S. Food and Drug Administration (FDA) accepted Verrica's Investigational New Drug Application ("IND") for LTX-315 for the treatment of basal cell carcinoma. The collaboration with Verrica constitutes an essential part of Lytix' business strategy for LTX-315, and the FDA approval for the initiation of Verrica's Phase II study in basal cell carcinoma (BCC) adds extensive value to our development program. Verrica opened its Phase II trial of LTX-315 in the first quarter of 2022, and the study is expected to deliver a comprehensive amount of additional data in support for the therapeutic activity of LTX-315. The initiation of the study will trigger a milestone payment to Lytix.

With the Phase II study lined up to recruit patients from Q1 2022, Verrica has shown dedication to bring this novel immunotherapy forward to the clinic as a potential new non-surgical treatment for skin cancer. LTX-315 could be a remarkably innovative approach to treatment of skin cancer and represents a new paradigm beyond invasive surgery as the preferred treatment of BCC. (www.clinicaltrials.gov) NCT05188729

RESEARCH AND DEVELOPMENT

ATLAS-IT-05 trial (LTX-315 in combination with pembrolizumab in patients with advanced solid tumors)

Based on the data from our Phase I/II study that was published in Clinical Cancer Research in May 2021, Lytix opened a Phase II clinical trial in the US in July 2021. In this clinical trial, LTX-315 will be evaluated in combination with the immune checkpoint inhibitor pembrolizumab (Keytruda®). Results from our Phase I/II study indicate that the combination of LTX-315 and pembrolizumab may work better than pembrolizumab alone. The aim of ATLAS-IT-05 is to document LTX-315's ability to enhance the number of cancer patients responding to checkpoint inhibitors.

The first patient started treatment at MD Anderson Cancer Center (MD Anderson), Texas, in December 2021. Treatment of the first patient marked an important milestone for Lytix along the path to demonstrate that Lytix' unique technology offers a solution to today's cancer treatment challenges, through activation of the body's own immune system.

The clinical trial is a multicenter study with MD Anderson as the first site and Mount Sinai Hospital as the second one. Due to the COVID-19 pandemic's effect on number of patients available for clinical trials and the extremely competitive landscape, the company is identifying additional sites in the US and Europe with expertise within the field of intratumoral treatment which will open in 2022.

MD Anderson is one of the world's leading cancer hospitals, and the hospital where Nobel Prize winner Dr. Jim Allison works as a professor and chair of the department of immunology. Dr. Allison holds a position on Lytix' advisory board and regularly advice the company on clinical development strategies.

Enrolled patients will receive intratumoral treatment with LTX-315 in combination with systemic pembrolizumab therapy. More information about the trial is available at www.clinicaltrials.gov. (NCT04796194).

ATLAS-IT-04 trial (LTX-315 in combination with adoptive T-cell therapy in advanced soft tissue sarcoma

Lytix is currently finalizing a clinical trial at Herlev Hospital, Denmark, to assess the safety and efficacy of intratumoral administration of LTX-315 in combination with adoptive T-cell therapy in patients with advanced soft tissue sarcoma. The aim of this study is to reveal whether LTX-315's unique mechanism of action generates T cells that specifically recognize and kill the patient's tumor. Generation of such tumor antigen specific T cells will provide strong evidence of LTX-315's mode of action and strengthen its clinical potential.

Six patients have received LTX-315 treatment. Enrollment has been completed. Results are planned to be presented at an international cancer congress later this year. (www.clinicaltrials.gov) NCT03725605.

Key data presented at the Society for Immunotherapy of Cancer (SITC) 2021

In November 2021, encouraging preclinical data from a study in triple negative breast cancer (TNBC) were presented at the Society for Immunotherapy of Cancer's 36th Annual Meeting (SITC 2021). The study was a collaborative research effort between Lytix and the excellent research groups of Drs. Lorenzo Galluzzi and Sandra Demaria at Weill Cornell Medicine in New York.

Among the different subtypes of breast cancer, TNBC is the most difficult to treat. The TNBC model that was used is resistant to

checkpoint inhibitors and has several characteristics that resemble human TNBC.

An encouraging finding was that LTX-315 provided protection against metastatic lesions in the lungs when injected into breast tumors. Evenly important, this effect of LTX-315 was further improved when combined with checkpoint inhibitors. These results are congruent with and complementary to the findings documented in breast cancer patients, where tumors in the lung were reduced following LTX-315 treatment in breast lesions. The experimental analysis also gave further insight into how LTX-315 stimulates the immune system to control breast cancer progression.

These findings provide scientific rationale for the potential to combine LTX-315 with the different checkpoint inhibitors.

The detailed data presented at SITC can be reviewed in a scientific article in a leading journal within the cancer immunology field.[1]

Intellectual property (IP) rights

Three new patents were granted in 2021, two in the US and one in the EU. These patents are important milestones in the company's Intellectual Property (IP) strategy and further strengthens our business case, as securing IP rights is critical for the protection of Lytix' technology platform and the long-term value generation of the company. The EU patent covers the use of LTX-315 in combination with a chemotherapeutic agent. The two new patents in the US covers the use of LTX-315 in combination with a chemotherapeutic agent and with the checkpoint inhibitor ipilimumab.

LTX-401

LTX-401 is a next-generation oncolytic molecule for targeting deep-seated lesions such as liver cancer. This candidate drug expands the application of our *in situ* vaccination technology to several additional major cancer indications. LTX-401 is currently going through a preclinical program at Aptuit in Italy for assessment of all requirements needed for starting human clinical trials. The program is expected to finish in the first half of 2022. Favorable safety data received so far confirms the suitability of LTX-401 injections in deep-seated lesions. Lytix will in 2022 prepare for a Phase I study.

LTX-122

LTX-122 is in a veterinary development program as part of the strategic partnership with Aurelius Biotherapeutics, an US-based veterinary company. Aurelius aims to use LTX-122 together with their own adoptive T-cell transfer technology to develop a treatment for B-cell lymphoma in dogs.

An overview of Lytix' pipeline is presented on page 10.

BUSINESS

On June 7, 2021, Lytix' annual general meeting approved the new composition of the board of directors. The new members are:

Marie-Louise Fjällskog, MD, PhD

Senior Life Science Executive with a long track-record within Clinical Research and business within Immunology and Oncology. Currently serves as Chief Medical Officer at Faron Pharmaceuticals Ltd, Turku, Finland and as a board Member of Biovica International AB, Sweden. Prior to Faron, she served as Chief Medical Officer at Sensei Biotherapeutics (SNSE), a Nasdaq listed immuno-oncology company. Marie-Louise also holds a position as Associate professor (docent) in Oncology, affiliated to Uppsala University.

Evelina Vågesjö, PhD and MBA

Co-founder and CEO of Ilya Pharma AB, a company developing next-generation immunotherapies based on cutting edge medical research in immunophysiology and applied microbiology. Received numerous awards within Science and Innovation, one of the winners of Innovators under 35 Europe from MIT Technology Review 2019.

Kjetil Hestdal, MD, PhD

More than 20 years of entrepreneurship bringing patented products from early stage to launches and commercialization as well as transforming a company from R&D focused to commercial focused. Has led listed companies with broad international investor relation activities – former CEO of Photocure.

Jayson Rieger, PhD and MBA

Jayson Rieger has about 15 years' experience in cross-functional scientific and business leadership roles spanning business, research operations, drug discovery and product development in the life science. He presently serves as Managing Partner in PBM Capital and supports new investment evaluation, deal sourcing and provides business and technical support for portfolio companies. Rieger obtained his PhD in Chemistry from the University of Virginia, has an MBA from the Darden Business School, and earned his B.A. from Rollins College.

Brynjar Forbergskog

Brynjar Forbergskog is the CEO of his privately owned investment company, in addition to being a board member of several companies. From 1989 to 2019 he was the CFO (1989–2005) and CEO (2005–2019) of Torghatten ASA. During Forbergskog' s tenure as CFO/CEO, Torghatten ASA grew from being a small locally based provider of transport services into being of the Nordics' largest provider of transport services, with more than 7,000 employees and an annual turnover of more than NOK 11 billion. Prior to joining Torghatten ASA, Brynjar Forbergskog was an external auditor.

1 *Yamakazi et al, 2021, OncoImmunology*

Gert W. Munthe leads the board of directors as chair. Per Erik Sørensen and Debashish Roychowdhury did not extend their board assignments. Lytix would like to thank Sørensen and Roychowdhury for their valuable contribution as board members.

Management and External Advisors

On March 1, 2021, Lytix announced that Gry Stensrud will join the management team and commence as the company's CTO. Dr. Stensrud has more than 20 years expertise from research, development, clinical trials, manufacturing and distribution of medicinal products and medical devices as well as extensive management experience and former experience in developing a biotech company. Prior to joining Lytix, Dr. Stensrud was Vice President Technical Development & Operations at Photocure. Dr. Stensrud has as well held different positions within R&D and QA at GE Healthcare.

Graeme Currie has been hired as a consultant CDO to lead Lytix' clinical program. Dr. Currie has over 30 years of drug development experience in both pharmaceutical and biotechnology companies, having held senior leadership roles at Dynavax, Regeneron Pharmaceuticals, Sepracor Inc., PDL Biopharma and Gilead Sciences. Most recently, he was Chief Development Officer of Tolerion Inc. Dr. Currie has successfully led drug development programs and has held key roles in the development of 8 approved drugs.

Financial review

In June 2021, Lytix successfully completed a private placement and national placement, raising gross proceeds of approximately NOK 225 million, through the allocation of 12,511,893 new shares at a subscription price of NOK 18 per share. The private placement and national placement attracted strong interest from existing shareholders and new investors, both in Norway, Sweden, and the US.

After the successful completion of the private placement and national placement, Lytix was admitted to trading on Euronext Growth Oslo. The first day of trading on Euronext Growth was June 14, 2021.

ACCOUNTING POLICIES

The financial statements for Lytix have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

PROFIT AND LOSS

Total operating income for 2021 amounted to NOK 25.8 million (NOK 6.7 million for 2020). Operating income in the period was mainly related to a milestone payment of NOK 19.3 million following the license agreement with Verrica Pharmaceuticals Inc., entered in August 2020 for skin cancer diseases. Going forward, the license agreement includes potential development and sales milestone payments of up to USD 111 million as well as royalty payments once Verrica successfully commercializes LTX-315 in dermatologic oncology indications. The milestone payment in the first half of 2021 was related to Lytix' approved IND application by the U.S. FDA. Other income for 2021 includes governmental grants of NOK 6.3 million (NOK 4.1 million).

Personnel expenses for 2021 came in at NOK 31.6 million (NOK 23.4 million). The increased personnel expenses are explained by increase in FTE's and an extraordinary and non-recurring bonus payment following the IND approval.

Direct R&D expenses amounted to NOK 28.8 million for 2021 (NOK 16.0 million). Direct R&D expenses for 2021 were related to increased activities in connection to the ongoing ATLAS-IT-05 trial in the US, the ATLAS-IT-04 trial in Denmark as well as the progression of the preclinical development of LTX-401.

Other operating expenses increased to NOK 13.4 million (NOK 9.6 million). The increase in other operating expenses is related to the share issue and subsequent admission to trading on Euronext Growth in June 2021.

Loss from operations for 2021 amounted to NOK 48.0 million compared to NOK 42.4 million for 2020.

CASH FLOW

Cash flow from operating activities amounted to negative NOK 44.9 million for 2021 compared to negative NOK 24.3 million for 2020. Cash flow from financing activities amounted to NOK 213.7 million for 2021 compared to NOK 40.0 million for 2020. The positive cash flow is explained by the proceeds from the private placement and national placement in June 2021. Cash and cash equivalents at the end of the reporting period amounted to NOK 197.3 million compared to NOK 28.5 million as of December 31, 2020.

STATEMENT OF FINANCIAL POSITION / BALANCE SHEET

On June 14, 2021, the company was admitted to trading on Euronext Growth in Oslo. The admission followed the successful completion of a private placement and a national placement together raising NOK 225 million in new equity. Cash and cash equivalents on December 31, 2021, were NOK 197.3 million compared to NOK 28.5 million on December 31, 2020.

As of December 31, 2021, Lytix had total assets of NOK 203.0 million, compared to NOK 32.6 million by the end of 2020. Trade and other receivables by end of 2021 increased to NOK 5.7 million, from NOK 4.2 million by the end of 2020.

Shareholders' equity amounted to NOK 189.6 million, , an increase from NOK 19.9 million in 2020. The equity ratio amounted to 93.43 percent compared to 60.98 percent in 2020.

Total current liabilities amounted to NOK 13.3 million compared to NOK 12.7 million by the end of 2020.

ALLOCATION OF THE 2021 RESULT

The company's annual result amounted to a loss of NOK 48.0 million. The board of directors proposed that the loss is transferred from Share Premium Reserve.

IN SITU VACCINATION
– delivering immunotherapy straight into the tumor

In situ vaccination stimulates a patient's immune system by injecting drugs with the ability to kill cancer cells straight into the tumor environment. Lytix Biopharma has applied this approach with its first-in-class oncolytic molecules, representing an alternative and unique approach to cancer vaccination. Importantly, this approach generates an immune response against a broad antigen repertoire without pre-identifying the antigens, which in turn can save considerable costs and valuable time.

Platform technology

Lytix' technology platform is based on solid preclinical and clinical research and originates from UiT, The Arctic University of Norway, Tromsø. The company has successfully generated several highly active oncolytic molecules from naturally occurring host defense peptides. These have the potential to address the main challenge to efficiently deal with cancer; the heterogeneity of the tumor, enabling the cancerous cells to escape various targeting therapies.

When Lytix' improved molecules are injected into solid tumors, they activate the patient's own immune system and enable killer T cells to recognize and eliminate cancer cells. As a part of this process, *in situ* vaccination results in an efficient release of tumor neoantigens (mutated proteins) and immune activating molecules.

The oncolytic molecules are therefore also ideal for combination with other types of immune therapies where the lack of immune cells in the patients' tumors are one of the major hurdles for these therapies to be effective.

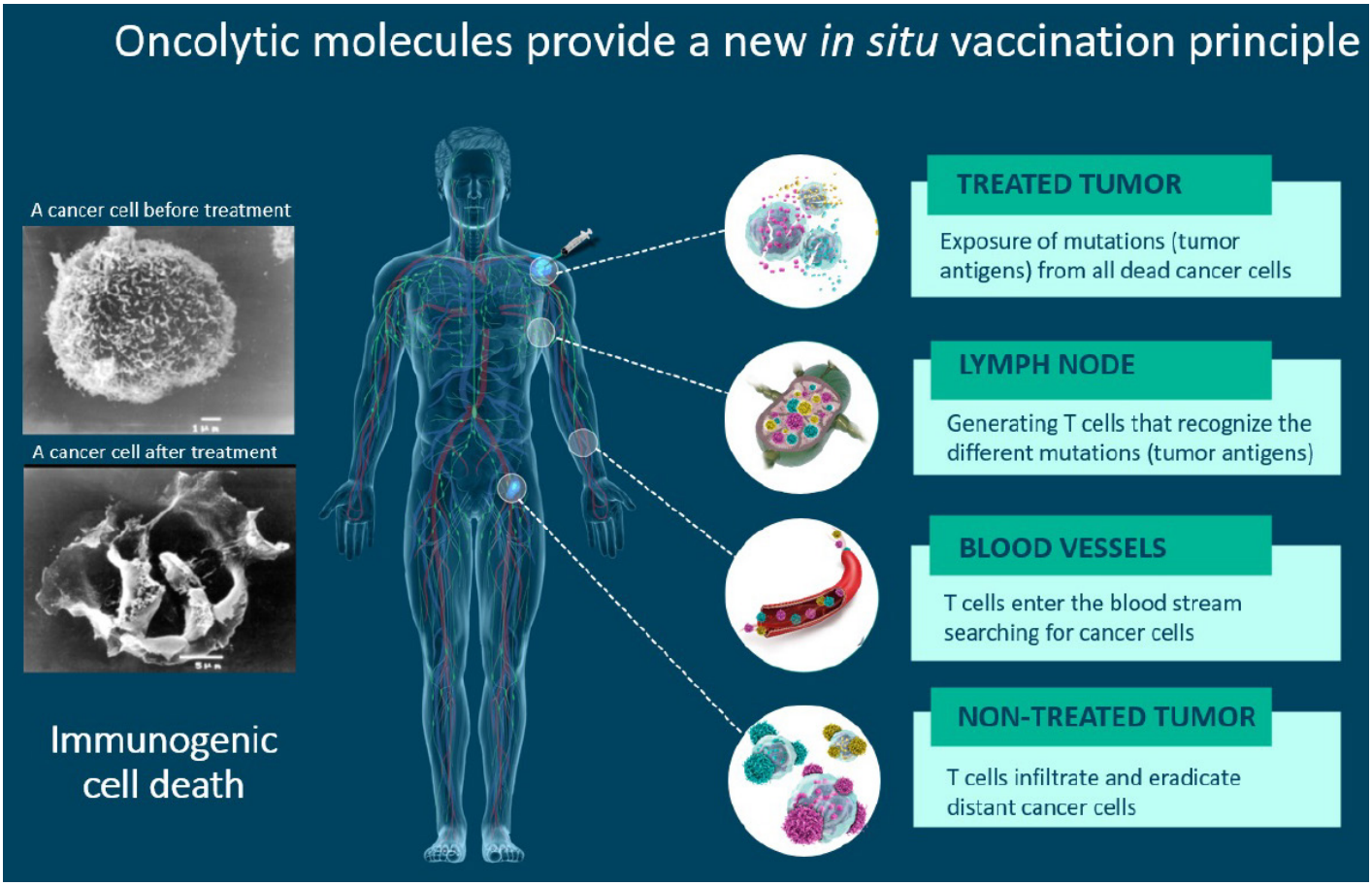
In a GlobalData survey[2], physicians ranked tumor heterogeneity as the most challenging aspect of optimizing IO therapy. Tumor heterogeneity introduces significant challenges in cancer therapy and is the main cause of treatment failure, drug resistance, relapse and recurrence. Lytix' oncolytic molecules uniquely address heterogeneity by being able to recognize and target the different cancer subclones in a heterogeneous tumor, including both drug sensitive and resistant cancer cells.
Oncology is the largest pharmaceutical market by revenue.

ONCOLYTIC MOLECULES

- Act as *in situ* vaccine and harness the tumor as source of antigens
  - Induce immunogenic cell death of tumor cells
  - Activate antigen presenting cells to generate tumor specific T cells
- Generate systemic and lasting anti-tumor immunity
- Induce a switch from an immuno-suppressive environment towards an immuno-stimulatory environment enriched for activated cytotoxic cells

Oncology therapeutics represented $143 billion in sales in 2019 (~20% of global pharmaceutical sales)[3]. To capture a larger market share, parallel development across multiple indications, increases the value of an individual asset and makes deal-making more likely. Unmet need remains high, and the market is expected to reach $250 billion by 2024[4]. The key driver behind this future growth is expected to be immuno-oncology combination therapies. Lytix' oncolytic molecules are synergistic and complementary to other immuno-oncology therapies with the potential to create new treatment paradigms.

2 *Source: GlobalData High-Prescriber Survey (December 2020)*
3 *Source: McKinsey analysis of EvaluatePharma (July 2020)*
4 *Source: McKinsey analysis of EvaluatePharma (July 2020)*



By addressing the main challenge across a wide section of cancer indications as well as being able to combine with many other immuno-oncology therapies, Lytix' oncolytic molecules have the potential to claim a unique position within immuno-oncology, creating significant patient impact.

Pipeline

LTX-315 is now being evaluated in three different Phase II trials, both as monotherapy and as combination therapy with checkpoint inhibitors and as adjunct to cell therapy.

LTX-401 is a second-generation candidate drug developed for treatment of tumors seated deep in the body. LTX-401 is in preclinical stage.

LTX-122 is in a veterinary development program as part of the strategic partnership with Aurelius Biotherapeutics.

Product candidate	Combination partner	Population	Preclinical	Phase I	Phase II	Phase III	Collaborations
LTX-315	**Atlas-IT-05** Pembrolizumab (Keytruda®)	Patient progressed on checkpoint inhibitors					THE UNIVERSITY OF TEXAS MD Anderson Cancer Center
	N/A (monotherapy) (Verrica Pharmaceuticals)	Basal cell carcinoma					VERRICA PHARMACEUTICALS Reinventing Skin Science
	Atlas-IT-04 Adoptive T-cell therapy	Advanced soft tissue sacroma					REGION H Herlev Hospital
LTX-401	Monotherapy	Live cancer					aptuit
LTX-122	Adoptive T-cell therapy	Dog lymphoma					Aurelius BIOTHERAPEUTICS
A unique technology platform	**Inspired by nature** Baed on the scientific concepts of naturally occuring host defense proteins, scientifically improved for cancer therapy.			***In situ* vaccination platform** Candidate drugs to be directly injected into solid tumors priming the immune system for potent activation.			

Product candidates

LTX-315

LTX-315, the lead candidate of Lytix, is a 9 amino acid peptide developed from bovine lactoferricin. It is a first-in class oncolytic molecule that is developed for intratumoral injections. Preclinical studies have demonstrated that treatment of solid tumors with LTX-315 results in growth inhibition, complete regression and long-lasting tumor specific immune protection. These studies also demonstrate that the treatment results in a significant increase of the number of tumor-infiltrating T cells in the tumor micro-environment (Sveinbjørnsson, B et al. 2017).

The preclinical findings conveying the rationale for therapeutic use of LTX-315 in humans have been confirmed in clinical trials. LTX-315 has undergone a comprehensive Phase I clinical trial in heavily pretreated patients. In this clinical trial, one of the key features of LTX-315 treatment, to promote T-cell infiltration into tumors, was evident in the cancer patients. LTX-315 was shown to be a potent drug with the ability to also create systemic effects based on local injection of tumors. In this trial, LTX-315 was either given as monotherapy or in combination with a checkpoint inhibitor to patients with transdermally accessible tumors. The trial has shown that LTX-315 has an acceptable safety profile without any added safety concerns when given in combination with a checkpoint inhibitor. The scientific foundation has been laid to claim that LTX-315 is clinically active and contributes to immune-mediated anticancer activity (Spicer et al. 2018/Spicer et al. 2021). Based on the data from the Phase I clinical trial, the dosing regimen of LTX-315 has been assessed and optimized for the ATLAS-IT-05 study.

LTX-315´s ability to induce T-cell infiltration into tumors can be further exploited in adoptive cell therapy. This kind of therapy implies the isolation of T cells from the tumor, expansion in the laboratory and transfer back to the patient to improve the immune response against the tumor. The ATLAS-IT-04 study at Herlev Hospital in Denmark was set up to evaluate the potential of LTX-315 to enhance the number of T cells prior to isolation and expansion of the T cells to billions. The T cells were then given back to the patient. In this study LTX-315 is administered in combination with adoptive T-cell therapy in advanced soft tissue sarcoma patients. During the study an extensive immune profile was measured to characterize the immune status and nature of immune response together with monitoring clinical response. The study is now finalized, and the results are under preparation for a presentation later in 2022.

LTX-401

LTX-401 is a small molecule that has a potential as treatment of deep-seated tumors such as hepatocellular carcinoma (liver

cancer) and liver metastases. In several experimental models, LTX-401 induces complete regression after intratumoral injection with a subsequent development of systemic immune protection. LTX-401 has shown increased efficacy when combined with checkpoint inhibitors and has demonstrated significant effects in experimental liver cancer models. LTX-401 is now progressing through a preclinical program preparing for a first clinical study.

LTX-122

LTX-122 is an oncolytic peptide that consists of 12 naturally occurring amino acids. In preclinical research the peptide proved to have high activity and selectivity against B-cell lymphoma. In a lymphoma mouse model intratumoral administration resulted in full regression and protective immunity. The peptide was developed in a collaboration between Lytix and The Arctic University of Norway. Lytix has entered a license agreement with UiT that grants Lytix rights to further develop and commercialize LTX-122.

NEW OPPORTUNITIES

Lytix is pursuing several new opportunities, all of them based on the *in situ* vaccination technology platform that delivered LTX-315 and LTX-401. Further information on these will be provided as they advance from early stage of development.

Partnerships

VERRICA PHARMACEUTICALS INC

Verrica is a Nasdaq-listed dermatology therapeutics company developing medications for skin diseases requiring medical interventions, and it is headquartered in West Chester, Pennsylvania. In August 2020, Lytix announced that it entered into a license agreement providing Verrica with a world-wide license to develop and commercialize LTX-315 for all malignant and pre-malignant dermatological indications (skin cancer). Lytix maintains all rights to the use of LTX-315 in patients with metastatic melanoma and metastatic Merkel cell carcinoma. Verrica will assume responsibility for manufacturing of the LTX-315 drug product, while Lytix retains responsibility for manufacturing of the active pharmaceutical ingredient (API). Under the license agreement, Lytix may receive aggregate payments of up to USD 111 million upon achievements of certain clinical, regulatory and sales milestones as well as tiered royalty payments in the double-digit teens.

The partnership with Verrica progressed according to plan and resulted in a milestone payment of NOK 19.3 million in first half of 2021, further described under the financial review.

Verrica intends to focus initially on basal cell and squamous cell carcinoma as the lead indications for development for LTX-315, and in November Verrica got an US IND approval to initiate a Phase II clinical trial in basal cell carcinoma. The American Cancer Society has estimated that about 5.4 million basal cell carcinoma (BCC) and squamous cell carcinomas (SCC) are diagnosed in the US annually. With about 80% of these skin cancers being BCC there is a significant potential for new treatment options.

AURELIUS BIOTHERAPEUTICS LLC

In March 2021, Lytix announced it had entered a strategic partnership with Aurelius Biotherapeutics where Aurelius will investigate and develop LTX-122 for the veterinary medicine market. The partnership is arranged with an option period where Aurelius has initiated further feasibility studies on LTX-122 together with their own technology, which is based on adoptive T-cell transfer to treat dog lymphoma.

LTX-122 has been developed in a collaboration with The Arctic University of Norway. Lytix has an exclusive license agreement with UiT to further develop and commercialize LTX-122.

Environment, social and corporate governance (ESG)

SUSTAINABILITY

Environment

Lytix strives to minimize its environmental footprint. The environmental footprint stems mainly from the resources consumed in office spaces as well as indirect business activities such as travel and supply chain operations. As such, Lytix' operations have a limited impact on the external environment with regards to direct pollution and emissions, as production and distribution activities are outsourced. Nonetheless, we acknowledge that our subcontractors – and their emissions – are part of our supply chain and, hence, indirect emissions. We acknowledge to be part of a major industry with a significant footprint in total. Even the most innovative and advanced modern pharmaceuticals often have key ingredients sourced from the natural world. We are highly aware that the massive loss of biodiversity is a threat to

medical innovations and potential treatments that are yet to be discovered. Alongside the climate crisis, we are facing a nature crisis. Many critical ecosystems, such as tropical rainforests, are under threat. As a response, the pharmaceutical industry must engage in the protection of the natural web that provides us with irreplaceable ecosystem services such as key medical ingredients.

SOCIAL

Benefit to society

Social impact and benefits to society is the cornerstone of Lytix' mission, with the aim of improving the lives of patients around the globe through novel cancer treatment. This is in line with the overall goal of the recently implemented UN Mission on Cancer which has been formulated as: "By 2030, more than 3 million lives saved, living longer and better". Our work will contribute to achieving the UN Sustainable Development Goal ("SDG") 3: "Ensure healthy lives and promote well-being for all at all ages" and fits into Target 3.4 by reducing the number of deaths due to cancer by providing products for effective treatment. Our projects are now benefitting patients as they have the possibility to be included in the clinical program and get access to new innovative treatment several years before the treatment becomes available on the market.

Health, safety and wellbeing

The health, safety and wellbeing of our employees is of great importance for Lytix, and we strive to promote a culture that supports a sustainable work-life balance. During 2021, the company had 12 employees (constituting 9.5 man-years) including contracted personnel. The board considers that the working environment in the company is good, and no special measures have been implemented in this regard. The employees have not suffered any accidents or injuries in connection with their work. Despite unprecedented times during the COVID-19 pandemic, absence due to illness was all short term and less than 1%, which is in line with the previous year.

Externally, the biotech industry and regulatory authorities demand high standards for safeguarding patients during clinical trials. We follow all regulatory requirements related to conduct of clinical trials including the Helsinki declaration, ICH guidelines on good clinical practice and all applicable laws, regulations, directives, and guidance documents. These requirements are further addressed in our partner selection processes.

Animal studies are performed with the highest standards of animal welfare and is subject to European Directive No. 2010/63/UE. All studies are conducted in accordance with national legislation, under national approval and by the CRO`s internal Committee on Animal Research and Ethics. General procedures for animal care and housing are in accordance with applicable Laboratory Animal Care recommendations.

Lytix has established a quality management system consisting of a Quality manual, SOPs and forms to be in compliance with Norwegian, European and US health authorities' rules and regulations for drug manufacturing, clinical trials, drug safety and quality and to safeguard the patients. The GLP standard for laboratory practice, GMP standard for drug manufacture, GDP standard for drug distribution and GCP standard for clinical trials are embedded in our quality system.

Diversity, equity, and inclusion (DEI)

Lytix aims to be a workplace providing equal opportunities for all. We consider employee diversity to be a competitive advantage, and in order to attract and retain the best talent, we do our outmost to ensure fair and equal employment practices.
The company has traditionally recruited from environments where women and men are relatively equally represented. In terms of gender balance within the company, women constitute 33% of the Board members and 20% of the senior management team. The company promotes a productive working environment, have zero tolerance for disrespectful behavior, and is an equal opportunity employer. Discrimination in hiring, compensation, training, promotion, termination, or retirement based on ethnic and national origin, religion, sex, or other distinguishing characteristics is not acceptable.

Whistleblowing

Employees are encouraged to report any sort of misconduct within the company, which can be violations of statutory provision, internal provision, or ethical norms. Lytix recognizes that whistleblowing is of value to the firm, as it offers an opportunity to remedy misconduct. Lytix ensures that employees reporting misconduct are entitled to protection against reprisals, and matters may be reported anonymously to the organization's whistleblower contact, through the established whistleblowing e-mail, or alternatively to immediate supervisor or a member of the management team.

GOVERNANCE

Corporate governance

Lytix considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to equity. To secure strong and sustainable corporate governance, it is important that the company ensures good business practices, reliable financial reporting, and an environment of compliance with legislation and regulations. The "Code of Conduct" sets the frame for business ethics and compliance. The company's board of directors actively adheres to good corporate governance standards as described in the "Rules of Procedures of the Board of Directors" (the "Board policy") within the framework of "Norwegian Code of Practice for Corporate Governance".

Lytix has established an "Insider policy" in light of the laws and regulations surrounding the the admission to trading on Euronext Growth and an "Information Policy" to ensure a continuous,

good quality, internal and external information giving in accordance with the Euronext Growth requirements.

Extending Ethical and responsible business to subcontractors and suppliers

We aim to work with business partners (subcontractors and suppliers) during the development of our products and execution of pre-clinical and clinical trials that demonstrate the same high standards of responsible business conduct and ethical values as our own. We exercize caution in the selection process, always following Lytix' evaluation and sourcing procedures.

As part of the evaluation, Lytix obtain confirmation that the subcontractor or supplier have adequate systems or policies in place ensuring compliance with applicable laws relating to ethical and responsible standards of behavior, including, without limitation, those dealing with human rights, labor, environmental protection, sustainable development and bribery and corruption in accordance with the principles in the United Nations Global Compact.

When establishing new contracts, all subcontractors and suppliers need to confirm their compliance with the principles in the UN Global Compact.

Anti-corruption

We have a zero tolerance for corruption. Corruption in the procurement of drugs and medical equipment drives up costs and can lead to sub-standard or harmful products. In addition to this, corruption have a disproportionate impact on the most vulnerable in society, increasing cost and reducing access to vital health services. As a standard, we conduct all our business activities in a transparent and open matter, and hold all employees, business partners and stakeholders to the same high ethical standard.

Data protection and IT security

The EU personal data protection framework as laid out in Directive (EU) 2016/680 and Regulation (EU) 2016/679 came into force in 2018. As a biotech company within the healthcare space, Lytix and/or our subcontractors and suppliers may need to store personal data as part of the business. Our GDPR compliance policy, was created to ensure that Lytix process and safeguard personal data in line with the Regulation ("the GDPR"). It describes how we plan to stay compliant on an ongoing basis, with policies and procedures for particularly relevant areas of our business. Lytix has appointed a dedicated personal data coordinator. To be transparent on how personal data is processed, the privacy notice appears on Lytix' homepage. Privacy statements are also included in the e-mail signature for all employees. Data Processing Agreements are established between Lytix as data controller and any data processor as required.

Lytix has outsourced the IT infrastructure and support to an external vendor. The IT solution is cloud-based with firewall and virus protection provided by the vendor. A feature in Outlook enables employees to report suspicious e-mails easily. Local secure access to the exchange is via password protected log-on. The information security platform is based on international standards ISAE3402 and ISEA3000 which is audited annually by PwC. All employees are responsible for storing documents securely and locking their computer when unauthorized people have access.

ESG GOING FORWARD

As a small actor in the biotech landscape, we acknowledge that we are still in the starting phase of enhancing and reporting sustainability activities and aim to strengthen our efforts in 2022. As a first step, our ambition is to conduct a materiality assessment based on stakeholder inclusiveness, with the goal of identifying the most prominent environmental, social and governance (ESG) matters for the company.

Lytix further commits to report annually on ESG topics that are identified in the materiality assessment. Goals will be fixed by material topic, achievements and gaps will be tracked and documented, helping us understand our successes as well as areas that require more attention. To ensure that our efforts for a sustainable operation are documented in a reliable and accessible manner, we plan to report by following the Global Reporting Initiative (GRI) Standards Core option as recommended by Oslo Stock Exchange/Euronext. The Euronext guidelines for ESG reporting will be observed. The ESG reporting will be reviewed and approved by the Board of Directors.

Building strong relationships and creating trust amongst our stakeholders is essential for Lytix' success. To do so, creating platforms for dialogue between the parties and including them in the materiality assessment is vital.

LYTIX BIOPHARMA'S STAKEHOLDERS:


Employees


Investors and shareholders


Government authorities


Subcontractors and suppliers


Investigators and patients


Civil society

The type and location of the business

Lytix Biopharma AS is a clinical stage biotech company, located in Oslo, Norway, developing novel cancer immunotherapies, an area within cancer therapy that is aimed at activating the patient's immune system to fight cancer. The company's technology is based on pioneering research in "host defense peptides" – nature's first line of defense towards foreign pathogens. Lytix' strategy involves generating solid Phase II results for this class of cancer drugs and collaborating with partners for further development and commercialization. The company considers retaining commercial rights in selected geographical areas and considers strategic partnerships, at any point in time if appropriate and in the best interest of Lytix.

The Company was admitted to trading on Euronext Growth in Oslo in June 2021, following a private placement covered by investors such as PBM Capital, a US-based, healthcare-focused investment firm.

PERSONNEL AND ORGANIZATION

Lytix' senior management team at year-end consists of Øystein Rekdal as Chief Executive Officer, Baldur Sveinbjørnsson as Chief Scientific Officer, Gjest Breistein as Chief Financial Officer, Graeme Currie as Chief Development Officer, Gry Stensrud as Chief Technical Officer and Jørund Sollid as Chief Business Officer.

Lytix has its registered address in Oslo, Norway. The Company is a public limited company incorporated and domiciled in Norway. The Company rents office in Oslo.

RESEARCH AND DEVELOPMENT ACTIVITIES

Expenditure on research and development activities is recognized as an expense in the period in which it is incurred. Internal research and development expenses related to the company's development of products are recognized in the income statement in the year incurred unless it meets the asset recognition criteria Intangible Assets. An internally generated asset arising from the research and development phase of an R&D project is recognized if, and only if, all the following has been demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial, and other resources to complete the development and use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

Uncertainties related to the regulatory approval process and results from ongoing clinical trials generally indicate that the criteria are not met until the time when marketing authorisation is obtained from relevant regulatory authorities. The company has currently no development expenditure that qualifies for recognition as an intangible asset.

FINANCIAL RISKS

Lytix is a pure research and development company which means that the company is accumulating financial losses. Operating losses are expected to continue during the development phases of the company's products, and other than potential development milestone payments from the licensing agreement with Verrica, potentially cash generating operations are not expected until one or more of the company's products are commercialized.

The company has no interest-bearing debt. Bank deposits are exposed to market fluctuations in interest rates, which affects financial income. Currency risk is limited to fluctuations in currencies relating to partners and vendors abroad. The credit risk is limited as revenues are minimal exclusive of public grants.

The company controls its cash flow from both long- and short-term perspectives through rolling cash forecasts. The company has no loan agreements involving covenants or other financial instruments or requirements.

Funding of ongoing operations is, and will be for some time, depending on external sources, mainly equity contributions. There is an inherent risk around future financing of the company, depending upon the company's own performance and on the financial market conditions. Acceptable sources of funding may not be available when needed or may not be available on acceptable terms. The company's ability to obtain capital or financing will depend in part upon prevailing market conditions as well as conditions of its business and its operating results, and those factors may affect its efforts to arrange additional financing on satisfactory terms.

NON-FINANCIAL RISKS

Lytix' activity is development of pharmaceutical medications. Research and development up to approved registration is subject to considerable risk and is a capital-intensive process. Lytix' candidates for cancer medications and technology platform are dependent on research and development and goes through several stages before commercialisation and risk of failure is generally inherent throughout the process.

Technology risk

The company's product candidates are still at an early stage and the preclinical and clinical studies may not prove to be successful. Furthermore, the product candidates are dependent on con-

tinued research and development which may be delayed and/or incur higher costs than currently expected.

Competitive technology

Immunotherapy and other cancer therapeutics industries are in general highly competitive and dynamic, and as such a high-risk business. Lytix operates in this global and highly competitive industry sector and is subject to the rapid and substantial technological change. Competitive cancer treatments, either within immunotherapy or within the broader space of oncology, may affect Lytix' ability to commence and complete clinical trials, as well as the opportunity to apply for marketing authorisation, and may influence future sales if marketing authorisation is obtained.

Market risks

The financial success of the company will require beneficiary partner agreements as well as obtaining market access and reimbursement/pricing at attractive levels. There can be no guarantee that the company's product(s) will meet these requirements. The company will need approvals from the European Medicines Agency (EMA) to market products in Europe and from the U.S. Food and Drug Administration (FDA) to market its products in the US, as well as equivalent regulatory authorities in other foreign jurisdictions to commercialize in those regions.

D&O INSURANCE

Lytix has entered a Directors' and Officers' Liability Insurance which covers past, present or future individual member of the board of directors and/or executive board or similar executive body of the group as well as any past, present or future officer, de facto director, shadow director or employee of the group who is capable of incurring personal managerial liability. The insurance covers NOK 20 million per claim and in the aggregate for the policy, world-wide including USA and Canada.

GOING CONCERN

These financial statements have been prepared under the assumption that the company will continue as a going concern. The going concern basis of presentation assumes that the company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The company's ability to continue as a going concern depends on its ability to obtain additional equity financing. The company has funded its operations primarily by shares issuances. While the company has been successful in raising sufficient funding in the past, there can be no assurance it will be able to do so in the future.

The private placement and national placement completed in June 2021 with net proceeds of NOK 213 million ensures that Lytix has available financial resources sufficient for all planned activities, in the next twelve months as of December 31, 2021.

The board of directors states that the annual accounts represent a true and fair view of the company's financial position at the turn of the year. According to the Norwegian Accounting Act §3-3 (a), the board of directors confirmed that the financial statements have been prepared under the assumption of going concern and that the grounds for this assumption exist

POST-BALANCE SHEET EVENTS

In fiscal year 2021, the company has been dealing with the consequences of the COVID-19 virus. Government measures to curb the virus have affected economic activity. The company considers this to be an event after the balance sheet date that does not provide any further information about the actual situation on the balance sheet date. Several measures have been taken to limit the effects of the COVID-19 virus, such as safety and health measures for all employees (such as social distancing and working from home). Lytix will continue to follow government policies and advice while doing its best to continue operations in the best possible and safest way without compromising the health of company staff members. These measures are reason for the board of directors to rely on the sustainable continuation of the business activities so that the financial statements are prepared on a going concern basis.

Post period at the start of April 2022, Lytix Biopharma announced that Verrica Pharmaceuticals has dosed the first patient as part of its Phase II study evaluating LTX-315 for the treatment of basal cell carcinoma (skin cancer). This triggered a UDS 1 million milestone payment to Lytix in accordance with the licensing agreement.

SHARE INFORMATION

As of December 31, 2021, there were 38,739,013 ordinary shares outstanding, up from 26,227,120 shares at year end 2020, following the private placement and national placement completed in June 2021.

The company has one class of shares, and all shares carry equal voting rights.

The company had more than 750 shareholders on December 31, 2021.

BOARD OF DIRECTORS OF LYTIX BIOPHARMA AS

The composition of the board of directors is at year-end as follows: Gert Wilhelm Munthe (Chair), Brynjar Forbergskog, Evelina Vågesjö, Jayson Rieger, Kjetil Hestdal and Marie-Louise Fjällskog.

All directors are independent of the company's executive personnel and material business at year-end. Gert W. Munthe controls a significant number of shares in the company through

North Murray AS. Brynjar Forbergskog controls a significant number of shares in the company through Hifo Invest AS and Saturn Invest AS. Jayson Rieger serves as Managing Partner in PBM Capital, an US healthcare-focused investment firm. PBM Capital has invested in Lytix through the affiliate company PBM LYT Holdings, LLC.

The board of directors held 12 board meetings during the fiscal year 2021.

OUTLOOK

Lytix' lead product, LTX-315, is a first-in-class oncolytic molecule representing a new and superior *in situ* therapeutic vaccination principle to boost anti-cancer immunity. LTX-315 has the potential to be the ideal combination partner with other types of immunotherapies. In 2022, the clinical efficacy of LTX-315 will be studied in two different Phase II clinical development programs, one sponsored by Lytix and the other sponsored by Verrica. These programs have the potential to form a strong foundation to create and deliver significant value for shareholders.

In parallel, Lytix is expanding its pipeline by continuing the development of the follow-up drug candidate, LTX-401, for deeper seated lesions. The focus is to complete the preclinical phase and prepare for a Phase I/II clinical trial. Further expansion of the pipeline is ongoing by undisclosed investigation of oncolytic molecules. If the ongoing preclinical and clinical development of Lytix' drug candidates demonstrate clinical benefit to cancer patients, the commercial potential and clinical use could be very high.

Oslo April 6, 2022
The board of directors and the chief executive officer of Lytix Biopharma AS

Gert W. Munthe
Chair of the board

Brynjar Forbergskog
Director

Evelina Vågesjö
Director

Jayson Rieger
Director

Kjetil Hestdal
Director

Marie-Louise Fjällskog
Director

Øystein Rekdal
Chief executive officer

Financial statements

Statement of profit or loss

Amounts in NOK thousands	*Notes*	**2021**	2020
Revenue	*1*	**17**	3
Other operating income	*2, 3*	**25,810**	6,675
Total operating income		**25,827**	6,678
Payroll and related expenses	*5, 14*	**(31,605)**	(23,416)
Direct R&D expenses		**(28,817)**	(16,008)
Other expenses	*4, 13*	**(13,421)**	(9,626)
Total operating expenses		**(73,844)**	(49,050)
Loss from operations		**(48,017)**	(42,372)
Financial expenses	*6*	**(424)**	(331)
Financial income	*6*	**392**	615
Net financial items		**(32)**	284
Loss before tax		**(48,049)**	(42,088)
Tax expense	*7*	**-**	-
Loss for the period		**(48,049)**	(42,088)

Statement of financial position

Amounts in NOK thousands	*Notes*	**31.12.2021**	31.12.2020
ASSETS			
Current Assets			
Trade and other receivables	*9*	**5,680**	4,168
Cash and cash equivalents	*10*	**197,282**	28,450
Total current assets		**202,962**	32,617
Total assets		**202,962**	32,617
SHAREHOLDER'S EQUITY AND LIABILITIES			
Issued capital and reserves			
Share capital	*12*	**3,874**	2,623
Share premium reserve	*12*	**185,750**	17,266
Total equity		**189,624**	19,889
LIABILITIES			
Current liabilities			
Trade payables	*11*	**1,476**	3,284
Other current liabilities	*11*	**11,862**	9,444
Total current liabilities		**13,338**	12,728
Total liabilities		**13,338**	12,728
Total equity and liabilities		**202,962**	32,617

Oslo April 6, 2022 – The board of directors and the chief executive officer of Lytix Biopharma AS

Gert W. Munthe
Chair of the board

Brynjar Forbergskog
Director

Evelina Vågesjö
Director

Jayson Rieger
Director

Kjetil Hestdal
Director

Marie-Louise Fjällskog
Director

Øystein Rekdal
Chief executive officer

Interim statement of cash flows

Amounts in NOK thousands	*Notes*	**FY 2021**	FY 2020
Cash flows from operating activities			
Loss for the period		**(48,049)**	(42,088)
Adjustments for:			
Share-based payment expense	*14*	**4,055**	8,397
Increased/decreased in trade and other receivables	*9*	**(1,513)**	471
Increased/decreased in trade and other payables	*11*	**610**	8,874
Cash generated from operations		**(44,896)**	(24,347)
Income tax paid		**-**	-
Net cash flows from operations		**(44,896)**	(24,347)
Financing activities			
Proceeds from share issue	*12*	**213,728**	40,000
Net cash from/(used in) financing activities		**213,728**	40,000
Net increase in cash and cash equivalents		**168,832**	15,653
Cash and cash equivalents at the beginning of the period		**28,450**	12,796
Cash and cash equivalents at the end of the period	*10*	**197,282**	28,450

Notes to the financial statements

Basis for preparation and significant accounting policies
The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are presented in NOK, which is also the company's functional currency. Amounts are rounded to the nearest thousand unless otherwise stated.

These financial statements were approved for issue by the board of directors on 6 April 2022.

Basis for preparation of financial statements
The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Use of estimates
The preparation of accounts in accordance with the recognition- and measurement criteria in accordance with the Norwegian Accounting Act requires the use of estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in the following notes.

Revenue
Revenue comprises the fair value of any consideration received or due consideration for the sale of services in regular business activities. Revenue is presented net of value added tax provided the amount of revenue can be measured reliably and it is probable that the company will receive any considerations. The company's products are still in the research and development phase, and it has no revenue from sales of products yet.

Revenues for services are recognized when the services are performed, and the company has a right to payment.
The company's revenue is not significantly affected by seasonality or other variations throughout the reporting period.

Foreign currency
Transactions entered by the company in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising from the retranslation of unsettled monetary assets and liabilities are recognized immediately in profit or loss.

Classification and assessment of balance sheet items
Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

Intangible assets
Expenditure on own Research and Development are expensed as and when they incur. Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the cost can be measured reliably. Otherwise, such expenditure is expensed as and when incurred. Capitalized development costs are amortized linearly over the asset's expected useful life.

Receivables
Accounts receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made based on individual assessments of the individual receivables.

Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

Share capital
Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The company's ordinary shares are classified as equity instruments.

Defined contribution plan
With a defined contribution plan, the company pays contributions to an insurance company. After the contribution has been made, the company has no further commitment to pay. The contribution is recognized as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Other long-term service benefits
Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Share-based payments
Where equity settled share-options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss over the vesting period. Non-market vesting conditions are considered by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. If all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss is charged with the fair value of goods and services received.

Leased assets
Where substantially all the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

The company has not attended leasing agreements where substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the company (a "finance lease").

Research and development
Expenditure on research activities is recognized as an expense in the period in which it is incurred. Internal development costs related to the company's development of products are recognized in the income statement in the year incurred unless it meets the asset recognition criteria Intangible Assets. An internally generated asset arising from the development phase of an R&D project is recognized if, and only if, all the following have been demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial, and other resources to complete the development and use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

Uncertainties related to the regulatory approval process and results from ongoing clinical trials generally indicate that the criteria are not met until the time when marketing authorization is obtained from relevant regulatory authorities. The company has currently no development expenditure that qualifies for recognition as an intangible asset.

Tax
Income tax expense represents the sum of taxes currently payable and deferred tax.

Deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for taxable temporary differences and deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Currently, no deferred tax asset has been recognized in the financial statements of the company.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Government grants
Government grants are recognized at the value of the contributions at the transaction date. Grants are not recognized until it is probable that the conditions attached to the contribution will be achieved. The grant is recognized in the income statement in the same period as the related costs and is presented separately as other operating income.

Where retention of a government grant is dependent on the company satisfying certain criteria, it is initially recognized as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the Profit and loss statement for Lytix Biopharma AS.

Provisions
The company has recognized provisions for liabilities of uncertain timing or amount. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting the current market assessments of the time value of money and risks specific to the liability.

Cash flow statement
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

Going concern
These financial statements have been prepared under the assumption that the company will continue as a going concern. The going concern basis of presentation assumes that the company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The company's ability to continue as a going concern depends on its ability to obtain additional equity financing. The company has funded its operations primarily by shares issuances. While the company has been successful in raising sufficient funding in the past, there can be no assurance it will be able to do so in the future.

The private placement and national placement completed in June 2021 ensures that Lytix has available financial resources sufficient for all planned activities, in the next twelve months as of December 31, 2021. The board of directors therefore continues to adopt the going concern basis in preparing the company's financial statements.

NOTE 1 REVENUE

Amounts in NOK thousands	**2021**	2020
Revenue		
Other income	**17**	3
Total revenue	**17**	**3**

The company's products are still in the research and development phase, and there is no revenue from sales of products yet.

NOTE 2 OTHER OPERATING INCOME

Amounts in NOK thousands	**2021**	2020
Other operating income		
Government grants recognized in profit and loss	**6,332**	4,071
Other	**19,478**	2,604
Other operating income	**25,810**	6,675

The first development milestone related to the licensing agreement with Verrica Pharmaceuticals was triggered in January 2021 when the U.S. Food and Drug Administration approved Lytix' Investigational New Drug (IND) application. This achievement released a milestone payment of USD 2.25 million to Lytix.

NOTE 3 GOVERNMENT GRANTS

Government grants are recognized in profit or loss as "other operating income" with the following amounts:

Amounts in NOK thousands	**2021**	2020
Government grants		
Tax refund (across all R&D activities)	**4,069**	3,168
The Norwegian Research Council (BIA grant)	**2,263**	903
Other operating income	**6,332**	4,071

The SkatteFUNN R&D tax incentive scheme is a government program designed to stimulate research and development (R&D) in Norwegian trade and industry. Approved projects may receive a tax deduction of up to 19 percent of the eligible costs related to R&D activity. All costs must be associated with the approved project.

The BIA grant is user-driven research-based innovation (Norwegian: Brukerstyrt innovasjonsarena, BIA). BIA funds industry-oriented research and has no thematic restrictions. This broad-based program supports high-quality R&D projects with good business and socio-economic potential.

NOTE 4 SPECIFICATION OF AUDITOR'S FEE

Amounts in NOK thousands	**2021**	2020
Specification of the auditor's fee		
Statutory audit	**328**	145
Other non-assurance services	**35**	18
Tax consultant services	**55**	76
Total auditor's fee	**418**	239

VAT is not included in the fees specified above.

NOTE 5 PAYROLL AND RELATED EXPENSES

Amounts in NOK thousands	**2021**	2020
Payroll and related expenses, including directors, comprise		
Salaries and bonus	24,381	10,952
Defined contribution pension const	789	463
Share-based payment expense	4,055	8,397
Social security contributions	1,864	2,874
Other personnel costs	517	730
Total payroll and related expenses	31,605	23,416

The number of man-years employed during the year:

	2021	2020
Number of man-years employed	**8.3**	7

The number comprises only regular employees on payroll.

In 2021 Lytix paid an extraordinary and non-recurring bonus payment which was linked to the IND approval in January 2021 and the following milestone payment from Verrica Pharmaceuticals due to this approval.

Defined contribution pension scheme
Lytix Biopharma AS is required to have a pension scheme in accordance with the Norwegian law of mandatory occupational pension. The company's pension scheme fulfills the requirements of the law.

Bonus scheme
Lytix has implemented a bonus system covering all employees. The company recognizes a liability and an expense for bonuses based on a short-term incentive plan for employees linked to the achievement of corporate objectives determined by the board.

Management remuneration 2021

Amounts in NOK thousands	Salary	Board remuneration	Pension cost	Share-based payments	Other remuneration	Total
Management team:						
Øystein Rekdal, CEO [1]	7,429	-	124	653	10	8,216
Directors (non-executive):						
Gert W. Munthe, chairperson [2]	-	-	-	-	150	150
Marie-Louise Fjällskog, director	-	-	-	-	-	-
Brynjar Forbergskog, director	-	-	-	-	-	-
Kjetil Hestdal, director	-	-	-	-	-	-
Jayson Rieger, director	-	-	-	-	-	-
Evalina Vågesjö, director	-	-	-	-	-	-
Debasish F. Roychowdhury, former director	-	200	-	-	-	200
Per Erik Sørensen, former director	-	200	-	-	-	200

1) Øystein Rekdal's fixed salary is NOK 3.1 million. In 2021 he received a extraordinary and non-recurring bonus linked to the milestone payment from Verrica Pharmaceutical which was a result of the approval of Lytix' IND in January 2021. Management and employees of the company are entitled to an annual bonus based on the achievement of important milestones for the company and for the individual employee. The maximum of such bonus is for the CEO up to 50 percent of annual base salary. There have been no such bonus payments for 2021.

2) Reference is made to the comment regarding remuneration to Mr. Munthe for 2020. The remaining NOK 150 thousand of related to the consultancy assignment was invoiced in 2021.

Management remuneration 2020

Amounts in NOK thousands	Salary	Board remuneration	Pension cost	Share-based payments	Other remuneration	Total
Management team:						
Øystein Rekdal, CEO [1]	3,884	-	97	3,315	35	7,331
Directors (non-executive):						
Gert W. Munthe, chairperson[2]	-	100	-	-	600	700
Debasish F. Roychowdhury, director	-	200	-	-	-	200
Per Erik Sørensen, director	-	100	-	-	25	125

1) Øystein Rekdal's fixed salary is NOK 3.1 million. In 2021 he received an extraordinary and non-recurring bonus linked to the milestone payment from Verrica Pharmaceutical which was a result of the approval of Lytix' IND in January 2021. Management and employees of the company are entitled to an annual bonus based on the achievement of important milestones for the Company and for the individual employee. The maximum of such bonus is for the CEO up to 50% of annual base salary. There have been no such bonus payments for 2021.

2) At the end of 2019 the company faced several simultaneous processes that could not be solved by the administration and the board within the framework of what the administration and the board normally handles. To resolve this extraordinary need, the company entered into a consultancy agreement with North Murray AS ("NM") for the period until August 2020 where Gert W. Munthe will assist the company. NM is controlled by Gert W. Munthe. In consideration for the consulting assignment, NM has invoiced the company a total of NOK 750,000.

No loans or guarantees have been given to any members of the management, the board of directors, or other corporate bodies. Besides the stock option programs and the fee paid to North Murray AS described above, no additional remuneration has been given for services outside the normal functions as a manager or non-executive director besides what is stated above.

Benefits upon termination

The CEO has a notice period of 6 months. If the employment is terminated by the company, the CEO shall receive a severance pay equivalent to 100 percent of his ordinary fixed salary for six months after the expiry of the notice period.

Amounts in NOK thousands	2021	2020
Shares controlled by the management team and board of directors		
Management team:		
Øystein Rekdal, CEO	126,963	118,630
Gjest Breistein, CFO	11,112	-
Baldur Sveinbjørnsson, CSO	4,280	1,280
Jørund Sollid, CBO (through Partner & Sollid AS)	2,000	-
Gry Stensrud, CTO	5,000	-
Directors (non-executive):		
Gert W. Munthe, chairperson (through North Murray AS)	2,810,359	2,523,582
Brynjar Forbergskog (through Hifo Invest AS and Saturn Invest AS)	1,111,110	-
No. of shares controlled by the management team and directors	4,070,824	2,642,212

Options held by the management team 2021	Opening balance	Granted	Lapsed/ forfeited	Ending balance
Gert W. Munthe, chair of the board	300,000	-	-	300,000
Øystein Rekdal, CEO	983,516	-	-	983,516
Baldur Sveinbjørnsson, CSO	393,407	-	-	393,407
Gjest Breistein, CFO	262,271	-	-	262,271
Jørund Sollid, CBO	196,703	-	-	196,703
Gry Stensrud, CTO		196,703	-	196,703
Number of options owned by the management team	1,835,897	196,703	-	2,032,600

Options held by the management team 2020	Opening balance	Granted	Lapsed/ forfeited	Ending balance
Gert W. Munthe, chair of the board	300,000	-	-	300,000
Øystein Rekdal, CEO	228,715	983,516	228,715	983,516
Baldur Sveinbjørnsson, CSO	126,101	393,407	126,101	393,407
Gjest Breistein, CFO	103,555	262,271	103,555	262,271
Jørund Sollid, CBO	-	196,703	-	196,703
No. of options owned by the management team	758,371	1,835,897	458,371	1,835,897

As of December 31, 2021, the company operates one equity-settled share-based remuneration scheme for employees. See note 15.

NOTE 6 FINANCE INCOME AND EXPENSES

Amounts in NOK thousands	**2021**	2020
Financial income		
Interest income	**138**	347
Foreign exchange gains	**248**	260
Other financial income	**6**	8
Total financial income	**392**	615

Amounts in NOK thousands	**2021**	2020
Financial expenses		
Interest expenses	**3**	-
Foreign exchange losses	**420**	331
Other financial expenses	**-**	-
Total financial income	**424**	331

NOTE 7 TAX

Amounts in NOK thousands	**2021**	2020
Current tax		
Tax payable	**-**	-
Correction of previous years current income taxes	**-**	-
Deferred tax		
Changes in deferred tax	**-**	-
Changes in tax rate	**-**	-
Tax expense	**-**	-

Amounts in NOK thousands	**2021**	2020
Pre-tax profit	**(48,049)**	(42,088)
Income taxes at 22%	**(10,571)**	(9,259)
Changes in unrecognized deferred tax asset	**13,360**	7,845
Change in tax rate	**-**	-
Non-deductible expenses	**(2,789)**	1,406
Tax expense	-	-

From January 1, 2020 the tax rate in Norway is 22 percent. There is no effect in this year's tax expense because deferred tax from tax losses carried forward is not recognized. Deferred tax relates to the following:

	Balance sheet		Change	
Amounts in NOK thousands	**2021**	2020	**2021**	2020
Deferred tax assets				
Property, plant and equipment	**21**	27	**(5)**	(9)
Net tax on losses carried forward	**161,184**	147,818	**13,365**	7,863
Deferred tax assets	**161,205**	147,845	**13,360**	7,854
Net deferred tax assets	**161,205**	147,845	**13,360**	7,854
Net deferred tax assets not recognized	**(161,205)**	(147,845)	**(13,360)**	(7,854)
Net recognized deferred tax assets	**-**	-	**-**	-

Deferred tax assets on losses carried forward, in total NOK 161 million as of December 31, 2021 (2020: NOK 148 million), have not been recognized because it is not probable that taxable profits will be available against which deductible temporary differences can be utilized.

The company has a total tax loss carried forward of NOK 733 million as of December 31, 2021 (2020: NOK 672 million) which has no due date.

NOTE 8 INTANGIBLE ASSETS

The company has no intangible assets as all ongoing projects have been classified as research.

NOTE 9 TRADE AND OTHER RECEIVABLES

Amounts in NOK thousands	**31.12.2021**	31.12.2020
Trade and other receivables		
Trade receivables	**-**	-
Governmental grants	**4,824**	3,168
VAT	**309**	463
Prepayments	**548**	536
Other receivables	**-**	-
Total trade and other receivables	**5,680**	4,168

NOTE 10 CASH AND CASH EQUIVALENTS

Amounts in NOK thousands	**31.12.2021**	31.12.2020
Cash and cash equivalents		
Employee withholding tax	**1,411**	1,299
Variable rate bank accounts	**195,871**	27,150
Total cash and cash equivalents	**197,282**	28,450

NOTE 11 CURRENT LIABILITIES

Amounts in NOK thousands	**31.12.2021**	31.12.2020
Current liabilities		
Accounts payable	1,476	3,284
Accrual for annual leave	1,421	1,063
Other accruals	2,351	3,570
Tax and social security payments	2,026	2,845
Other payables	6,064	1,966
Total current liabilities	13,338	12,728

NOTE 12 EQUITY AND SHARE CAPITAL

Amounts in NOK thousands	Share capital	Share premium reserve	**Total equity**
Balance on January 1, 2021	2,623	17,266	**19,889**
Income for the period			
Loss for the period	-	(48,049)	**(48,049)**
Total income for the period	-	(48,049)	**(48,049)**
Registration of share issue 10 June 2021	323	57,891	**58,214**
Registration of share issue 11 June 2021	928	166,072	**167,000**
Transaction cost	-	(11,486)	**(11,486)**
Share based payment	-	4,055	**4,055**
Total contributions by and distributions to owners	1,251	216,532	**217,783**
Balance on December 31, 2021	3,874	185,750	**189,624**

Amounts in NOK thousands	Share capital	Share premium reserve	**Total equity**
Balance on January 1, 2020	2,289	11,291	**13,580**
Income for the period			
Loss for the period	-	(42,088)	**(42,088)**
Total income for the period	-	(42,088)	**(42,088)**
Registration of share issue March 16, 2020	292	34,708	**35,000**
Registration of share issue April 16, 2020	42	4,958	**5,000**
Share based payment	-	8,397	**8,397**
Total contributions by and distributions to owners	333	48,064	**48,397**
Balance on December 31, 2020	2,623	17,266	**19,889**

Share capital on December 31, 2021 is NOK 3,873,901.3 (December 31, 2020: NOK 2,622,712), being 38,739,013 ordinary shares at a nominal value of NOK 0.1. All shares carry equal voting rights.

	31.12.2021	31.12.2020
Ordinary shares at January 1	**26,227,120**	22,893,784
Capital increase March 16, 2020 [1)]	**-**	2,916,667
Capital increase April 16, 2020 [2)]	**-**	416,669
Capital increase June 10, 2021 [3)]	**3,234,116**	-
Capital increase June 11, 2021 [4)]	**9,277,777**	-
Ordinary shares per December 31, 2020	**38,739,013**	26,227,120

2020:

1) *In February 2020, 2,916,667 shares were subscribed for in a private placement among existing shareholders at a share price of NOK 12 for total gross proceeds of NOK 35 million. The share issue was approved by the board of directors in the meeting held on February 18, 2020 under the existing authorisation from the General Meeting dated June 12, 2019. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on March 16, 2020.*
2) *In March 2020, 416,669 shares were subscribed for in a private placement among existing shareholders at a share price of NOK 12 for total gross proceeds of NOK 5 million. The share issue was approved by the board of directors in the meeting held on March 17, 2020 under the existing authorisation from the General Meeting dated June 12, 2019. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on April 16, 2020.*

2021:

3) *In May 2021, 3,234,116 shares were subscribed for in a national placement among existing shareholders and selected potential investors at a share price of NOK 18 for total gross proceeds of NOK 58 million. The share issue was approved by the Annual General Meeting held on 7 June 2021. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on June 10, 2021.*
4) *In June 2021, 9,277,777 shares were subscribed for in a private placement among existing shareholders and selected potential investors at a share price of NOK 18 for total gross proceeds of NOK 167 million. The issuance of 9,277,777 new shares in the private placement was completed by the General Meeting issuing 9,000,000 new shares at the Annual General Meeting held June 7, 2021, and by the board of directors issuing 277,777 new shares at the meeting held on June 8, 2021 under the authorisation from the General Meeting dated June 7, 2021. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on June 11, 2021.*

PBM LYT Holdings, LLC ("PBM LYT"), an affiliate of PBM Capital Group, LLC ("PBM"), pre-committed for NOK 42.5 million in the private placement conditional upon the company issuing to PBM LYT a number of warrants equal to 56.3 percent of the number of shares subscribed for by PBM LYT in the private placement. Lytix issued 1,329,306 warrants to PBM. Each warrant has a duration of 12 months and shall give the right upon exercise to subscribe for one share in the company at a subscription price of NOK 0.10 any time after the date falling 90 days after the company's first trading day on Euronext Growth. The decision to offer PBM LYT to subscribe for warrants was based on the belief that the precommitment by PBM LYT in the private placement, was very important for the successful completion of the private placement, and thus the financing of the company's activities. Further, the company held the opinion that PBM LYT, as a shareholder in the company, would provide additional value to the company given their broad contact network in the United States. On March 15, 2022, Lytix announced that 1,329,306 warrants giving rights to 1,329,306 shares have been exercised by PBM.

Top 20 shareholders as of December 31, 2021:

No.	Shareholder	No. of shares	Percentage share of total no. of shares
1	Taj Holding AS	5,440,850	14.0%
2	Jakob Hatteland Holding AS	3,000,000	7.7%
3	North Murray AS	2,810,359	7.3%
4	PBM Lyt Holdings, LLC	2,361,111	6.1%
5	3T Produkter Holding AS	1,808,764	4.7%
6	Brødrene Karlsen Holding AS	1,709,274	4.4%
7	Care Holding AS	1,608,080	4.2%
8	Picasso Kapital AS	1,122,860	2.9%
9	Per Strand Eiendom AS	1,024,128	1.9%
10	Mikael Lønn	741,967	1.9%
11	Danske Bank A/S	685,184	1.8%
12	Lysnes Invest AS	615,654	1.6%
13	Kvasshøgdi As	604,727	1.6%
14	Norinnova Invest AS	557,510	1.4%
15	Hifo Invest AS	555,555	1.4%
16	Saturn Invest AS	555,555	1.4%
17	Jahatt AS	500,000	1.3%
18	Hopen Invest AS	481,117	1.2%
19	Svenska Handelsbanken AB	420,423	1.1%
20	Belvedere AS	281,856	0.7%
	Total number of shares for top 20 shareholders	26,884,974	69.4%
	Total number of shares for the other shareholders	11,854,039	30.6%
	Totalnumber of shares	38,739,013	100.0%

NOTE 13 LEASES

The company has operating leases for offices. The leases do not contain any restrictions on the company's dividend policy or financing. The current office lease at Sandakerveien 138, Oslo, expires at the end of June 2024.

The lease costs were as follows:

Amounts in NOK thousands	**2021**	2020
Operating leases		
Ordinary lease payments	**1,209**	1,395
Total operating leases	**1,209**	1,395

NOTE 14 SHARE OPTION PROGRAMS

Since 2013 Lytix has established several share-based incentive programs for the company's management, employees and consultants to the company, under which the entity receives services from employees as consideration for equity instruments in Lytix Biopharma AS. The incentive programs consist of share options. In September 2020, all employees were awarded share options in the new option program E replacing all existing option programs for the employees. By year-end 2021 Lytix has the following active share-based incentive programs: E, F, Chairman, Strategic advisors (1) and Strategic Advisors (2). In 2020, all options granted under program B and D were replaced by new options in program E. Program B and D are therefore cancelled.

	Program E	Program E (new options)	Chair-person	Strategic advisors (1)	Strategic advisors (2)	**Sum**
Exercise price	12.00	n/a	12.00	12.00	18.00	-
Expiration	01.05.2025	01.05.2025	01.05.2025	12.06.2024	06.06.2025	-
No of options in program	2,622,712	1,251,189	600,000	467,220	125,119	**5,066,240**
No of options allocated to employees, management, chairpersons, and advisors	2,229,304	-	600,000	467,220	125,119	**3,421,643**
Remaining options (can be allocated to individuals)	393,408	1,251,189	-	-	-	**1,644,597**

Incentive Program E 2019/2025
At the annual general meeting 2019 it was resolved to issue 2,289,378 options to establish a share option program for all employees of the company which would replace all existing option programs for employees ("Incentive Program E"). The number of options corresponded to 10% of the outstanding shares as of the date of the general meeting. It is the company's overall ambition that the number of options in the program should be up to 10% of the total number of shares issued in the company, also after future issues. In the beginning of 2020 two share issues were completed increasing the number of outstanding shares to 26,227,120. Therefore, at the annual general meeting 2020 it was resolved to issue 333,334 new options in the share option program, increasing the size of the program to 2,622,712 share options.

In consequence of the completion of the private placement and national placement, the annual general meeting 2021 resolved to increase the size of the program such that the total number of share options which can be granted corresponds to 10% of the total number of issued shares in the company. The exercise price, terms and allocation shall be decided by the board of directors.

As of December 31, 2021, a total of 2,229,304 share options were allotted to certain specific individuals through share option agreements. A total of 465,531 of the options granted is subject to a vesting period. The expiry date for program E is May 1, 2025.

Incentive Program Chairman 2018/2023 & 2019/2025
On April 24, 2018, the Board of Directors of the Company decided to allot 600,000 share options to the new chairman of the board, Espen Johnsen ("Incentive Program Chairman"). The expiry date for program Chairman was May 1, 2023. On December 2, 2019, Espen Johnsen resigned as chairman. At the same time, the number of options was reduced to 300,000 and the terms of the options were revised. The new expiry date for program Chairman is May 1, 2025. New Chairman Gert W. Munthe was granted 300,000 options on similar terms. None of the outstanding options as of December 31, 2021, are subject to vesting.

Incentive Program Strategic advisors (1) 2019/2024
On June 12, 2019, the board of directors of the company decided to implement a share option program of 467,220 share options ("Incentive Program Strategic advisors") to certain strategic advisors. The expiry date for program Strategic advisors is 12 June 2024. The options are subject to quarterly vesting over two years. A total of 58,403 options in program Strategic advisors (1) vested during 2021.

Incentive Program Strategic advisors (2) 2021/2025
At the annual general meeting 2021 it was resolved to issue 125,119 new options to certain strategic advisors. The expiry date for the new options is June 6, 2025. The exercise price is NOK 18 which is the same as the share price used in the private placement and national placement approved at the same annual general meeting. The new options are subject to quarterly vesting over two years.

In all programs, the Employee must comply with the following terms during the vesting period and up to the date for the actual and complete execution of the option rights:

i. The Employee shall not directly or indirectly by any means be involved in a business which might be in competition with the company's business at any time unless prior, written acceptance is obtained from the company.

ii. The Employee shall not directly or indirectly be involved in any activities related to or targeted towards the company's customers, business partners or employees unless prior, written acceptance is obtained from the company or is ordinary conduct of the Employee's defined Position.

	Program E		Chairpersion		Strategic advisors (1)	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding on January 1, 2020	-	-	12.0	600,000	12.0	467,220
Granted during the period	12.0	2,032,601				
Forfeited during the period	-	-	-	-	-	-
Exercised during the period	-	-	-	-	-	-
Lapsed during the period	-	-	-	-	-	-
Outstanding on December 31, 2020	12.0	2,032,601	12.0	600,000	12.0	467,220
Outstanding options vested by December 31, 2020	-	1,416,264	-	600,000	-	408,818
Outstanding on January 1, 2021	12.0	2,032,601	12.0	600,000	12.0	467,220
Granted during the period	12.0	196,703	-	-	-	-
Forfeited during the period	-	-	-	-	-	-
Exercised during the period	-	-	-	-	-	-
Lapsed during the period	-	-	-	-	-	-
Outstanding on December 31, 2021	12.0	2,229,304	12.0	600,000	12.0	467,220
Outstanding options vested by December 31, 2021		1,763,773	-	600,000	-	467,220

	Strategic advisors (2)	
	Weighted average exercise price	Number of options
Outstanding at January 1, 2020	-	-
Granted during the period	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Lapsed during the period	-	-
Outstanding at December 31, 2020	-	-
Outstanding options vested by December 31, 2020		
Outstanding at January 1, 2021	-	-
Granted during the period	18.0	125,119
Forfeited during the period	-	-
Exercised during the period	-	-
Lapsed during the period	-	-
Outstanding at December 31, 2021	18.0	125,119
Outstanding options vested by December 31, 2021		46,920

The following information is relevant in the determination of the fair value of options granted under the equity-settled share-based option agreement operated by the company:

Equity settled	Program E	Chairman	Strategic advisors (1)	Strategic advisors (2)
Option pricing model used	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes
Weighted average share price at grant date (NOK)	12.0	12.0	12.0	18.0
Exercise price (NOK)	12.0	12.0	12.0	18.0
Expected volatility	57.4%	58.4%	58.4%	57.4%
Expected dividend growth rate	-	-	-	-
Risk-free interest rate	0.31%	1.3%	1.2%	1.18%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of comparable companies.

The share-based remuneration expense comprises:

Amounts in NOK thousands	**2021**	2020
Equity settled schemes	**4,055**	8,397
Total remuneration expense	**4,055**	8,397

NOTE 15 EVENTS AFTER THE REPORT DATE

In fiscal year 2021, the company is dealing with the consequences of the COVID-19 virus. Government measures to curb the virus have affected economic activity. The company considers this to be an event after the balance sheet date that does not provide any further information about the actual situation on the balance sheet date. We have taken several measures to limit the effects of the COVID-19 virus, such as safety and health measures for our people (such as social distancing and working from home). We will continue to follow government policies and advice while doing our best to continue our operations in the best possible and safest way without compromising the health of our people. These measures, with the continued financial support of the company, are reason for the board of directors to rely on the sustainable continuation of the business activities so that the financial statements are prepared on a going concern basis.

On March 15, 2022, Lytix announced that PBM LYT, an affiliate of PBM Capital Group, LLC, exercised 1,329,306 warrants giving rights to 1,329,306 shares. Following the registration of the new shares pursuant to the exercise, the number of outstanding shares in Lytix will be 40,068,319 shares. Reference is made to the warrants issued by the Company's General Meeting on June 7, 2021, with a subscription price per share of NOK 0.1 and with an expiry date of June 6, 2022.

Post period at the start of April 2022, Lytix Biopharma announced that Verrica Pharmaceuticals has dosed the first patient as part of its Phase II study evaluating LTX-315 for the treatment of basal cell carcinoma (skin cancer). This triggered a UDS 1 million milestone payment to Lytix in accordance with the licensing agreement.

The news of the Russian invasion of Ukraine was received by Lytix with shock and sadness. The Russian invasion is deeply concerning with severe humanitarian consequences, and significant impact to the world's political environment and security situation. Furthermore, the invasion has caused major disruptions in trade flows and financial markets as, amongst others, European Union, United States and the United Kingdom have imposed strict sanctions on the Russian Federation economy. Example of sanctions imposed are excluding several banks from the SWIFT payment system and imposing an embargo on import of oil and gas (US and UK). Lytix has no outstanding balances nor contracts with companies in Ukraine, Belarus or Russia and is as such not directly impacted by the war in Ukraine.

Your notes

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Lytix Biopharma AS

Opinion

We have audited the financial statements of Lytix Biopharma AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and chief executive officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tromsø, 6 April 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Kai Astor Frøseth
State Authorised Public Accountant (Norway)

Lytix Biopharma

Interim report

Fourth quarter and second half 2023

Letter from the CEO

Building the Phase II evidence base

Dear shareholders,

After two very challenging years for the biotechnology sector, the tide appears to have turned with several M&A oncology deals in December and January. Lytix will continue to differentiate and progress clinically, and by that increasing our chances to succeed commercially.

Through our collaboration with several highly reputed oncology experts, we have demonstrated that Lytix Biopharma`s technology addresses the major challenge in current cancer therapy through the stimulation of broad tumor specific T cell responses in cancer patients. This technology has already been commercially validated through a license agreement with Verrica Pharmaceuticals Inc ("Verrica"), a dermatology therapeutics company.

Verrica has completed the enrollment of all patients in a Phase II clinical trial for VP-315 (LTX-315) in skin cancer (basal cell carcinoma, 'BCC') ahead of expectations. With very encouraging preliminary data presented in August 2023, we are eagerly awaiting the data from this study, anticipated by mid-2024. BCC represents an attractive commercial opportunity. Lytix received an upfront payment and two milestone payments (IND approval and first patient treated) and is entitled to receive contingent regulatory milestones based on specified development goals, sales milestones up to USD 111 million, and tiered royalties based on future global sales. In addition, Lytix received NOK 3.9 million for the sale of LTX-315 to Verrica during the second half of 2023.

At the European Society of Medical Oncology (ESMO) Congress 2023 in October, we reported encouraging early results in our ongoing Phase II trial with LTX-315 and the immune checkpoint inhibitor pembrolizumab in late-stage melanoma patients that have previously failed to respond to same type of immune checkpoint inhibitors. Patient enrollment has been completed and we are continuing to see mechanism validating results in a patient population where the majority of the patients have failed to respond to two or more lines of immunotherapies, in addition to

immune checkpoint inhibitors. The interim result from 20 patients is showing disease stabilization in approximately half of the patients, with durable responses up to a year after the start of treatment. Given that these patients have failed multiple lines of therapies, the results are very promising. Furthermore, there is currently one patient that has achieved partial response.

While continuing to monitor the effect of LTX-315 in these 20 patients, we are also in collaboration with Dr. Henrik Jespersen at Norwegian Cancer Hospital (Radiumhospitalet) initiating an investigator led study on cancer patients with earlier stage cancer diseases, healthier immune systems, and fewer rounds of previous therapies. While the traditional development path for new oncology agents usually begins in refractory patients, these patients typically have very advanced disease and weakened immune systems. The safety- and mechanism validating data generated in these first twenty patients has generated enthusiasm by investigators, including Dr Jespersen, that potentially even more robust efficacy could be seen in these earlier-stage patients that can have a more active immune system and take even greater advantage of a therapy, like Lytix's technology, which is designed to kick start the immune system against the tumor.

Administering immunotherapy in a neo-adjuvant, pre-operative setting is an emerging therapeutic option where patients are treated before surgery with the aim of preventing later recurrence of the disease. We are therefore excited to start a neoadjuvant study with LTX-315 in melanoma patients with resectable tumors in collaboration with Radiumhospitalet in the first half of 2024. This study will evaluate the potential of LTX-315 combined with a standard of care treatment (pembrolizumab) in earlier stage cancer patients, with the potential for expansion into additional early-stage cancer indications. This opportunity represents an even greater commercial potential as in the patient population in neoadjuvant settings is larger compared to a recurrent/metastatic setting.

Compelling results from pre-clinical studies indicate that our second-generation drug LTX-401 could be particularly effective in deep seated solid tumors, which represent a potentially large commercial market. Our preparations continue for advancing LTX-401 through clinical trials and bringing this innovative treatment to patients.

In December, two patent applications have been submitted, with the aim to secure the prolonged IP protection.

In summary, our drug candidates address a major challenge in current cancer therapy and have the potential to be used to treat multiple cancer types, both as monotherapy and in combination with other types of immunotherapies. We are looking forward to the final data from Verrica`s phase II study mid-2024 and to initiate the neoadjuvant study later this year.

Due to robust efforts and controls established last year, Lytix has extended its cash runway through the first half of 2024, with cash plus short-term financial investments of NOK 50.5 million at the end of 2023. The Company continues to explore strategic partnering opportunities as well as other ways to finance its development plans and realization of the next clinical milestones.

We are very grateful for your continued support and look forward to sharing further positive results in 2024.

Øystein Rekdal
CEO and co-founder
Lytix Biopharma

Highlights and key figures

Highlights for the second half of 2023

Partnership:

- Verrica Pharmaceuticals' Phase II study in basal cell carcinoma – Positive early results.
  - Verrica reported positive early results from Part 1 of its ongoing Phase II trial in August 2023.
    - *Complete clearance of basal cell carcinoma cells in four out of six patients treated with the highest LTX-315 dose.*
- In January 2024, Verrica reported that all patients have been dosed in their Phase II trial and that they will complete the entire study in H1 2024.

Research and development:

- ATLAS-IT-05 study ongoing – Encouraging interim data from 20 melanoma patients.
  - In August, Lytix announced complete enrollment of 20 patients.
  - Clinical interim-data obtained from all patients.
    - *Disease control in approximately half of the patients with durable responses up to one year and one patient with partial response.*
  - LTX-315 in combination with pembrolizumab was well tolerated.
- Expanding to earlier stage melanoma patients with a stronger immune system
  - Investigator led neoadjuvant Phase II study at Oslo University Hospital, Radiumhospitalet planned to start in H1 2024.
  - The study protocol was presented at the 15th Nordic Melanoma Meeting in October 2023.
  - In December 2023, the clinical trial application for the trial was submitted to the regulatory authorities for approval.
- Clinical results published in high profiled journal
  - ° Results from the ATLAS-IT-04 study were published in a paper entitled "LTX-315 and adoptive cell therapy using tumor-infiltrating lymphocytes generate tumor specific T cells in patients with metastatic soft tissue sarcoma". The paper was published in OncoImmunology, a high-profile, open access journal.
- A paper describing LTX-315`s ability to activate specific immune cells accepted for publication.
  - The paper describing LTX-315 unique way of activating immune cells that are critical for T cell priming has been accepted for publication in the high profiled journal Frontiers in Immunology.
- Strengthening intellectual property
  - Two Patent Corporation Treaty (PCT) applications were filed in December 2023 to secure additional IP protection.

Business and financial:

- In October the Research Council of Norway approved Lytix's application for up to NOK 14.3m (USD 1.3million) of non-dilutive financial support from the 'SkatteFUNN' R&D tax incentive scheme for a project in respect of its lead program: 'Intratumoral LTX-315 in advanced melanoma'.

Key figures

Amounts in NOK thousands	**Q4 2023**	Q4 2022	**H2 2023**	H2 2022	FY 2023	FY 2022
Total operating income	**5 125**	1 615	**9 417**	4 587	10 241	17 273
Total operating expense	**(24 729)**	(25 453)	**(47 665)**	(46 368)	(107 118)	(82 968)
Loss from operations	**(19 604)**	(23 837)	**(38 247)**	(41 781)	(96 877)	(65 695)
Loss for the period	**(18 580)**	(29 195)	**(36 828)**	(40 343)	(87 937)	(56 006)
Property, plant and equipment					110	124
Trade and other receivables					12 777	6 735
Short-term financial investments					23 183	50 606
Cash position at the end of the period					27 365	94 552
Total assets					63 436	152 017
Total equity					51 372	135 126
Total liabilities					12 064	16 891
Total equity and liabilities					63 436	152 017

Review of the second half year 2023

Operational review

PARTNERSHIPS

LTX-315 development in partnership with Verrica

During the period, significant progress was made in the development of LTX-315 in collaboration with Verrica Pharmaceuticals Inc ("Verrica"). In August, Verrica presented preliminary data from Part 1 of their ongoing Phase II study of LTX-315, referred to as VP-315 by Verrica, for the treatment of basal cell carcinoma (BCC). Verrica holds an exclusive worldwide license agreement with Lytix to develop and commercialize VP-315 for dermatologic oncology indications and is currently conducting a Phase II clinical study in patients with BCC.
The preliminary results were presented at the 2023 American Academy of Dermatology Innovation Academy meeting. This presentation highlighted the antitumor activity of VP-315, as demonstrated by both clinical and histological clearance of treated BCC lesions.

Key findings from the presentation included:

- Subjects received once-daily dosing of VP-315, administered intratumorally, for up to six treatments over a two-week period.
- At the maximum dose (8 mg) tested, six lesions were treated, and post-treatment clinical assessment and excisions were performed at Day 49 (Range 35-70), followed by histological evaluation.
- By day 49 post-treatment, consistent clinical and histological clearance of treated BCC lesions was observed, with four of six subjects (67%) showing complete tumor clearance. The remaining two subjects exhibited partial histological clearance, 95% and 30%, respectively.

In January 2024, Verrica reported that all patients have been dosed in their Phase II trial. The completion of patient enrolment in this ongoing study is a significant milestone in Verrica's commitment to advancing innovative solutions for US patients facing this prevalent form of skin cancer. Data from Verrica's Phase II study is expected by mid-2024.

Basal cell carcinoma is the most common form of cancer in the U.S., with a global increase in incidence. With approximately 3-4 million patients diagnosed with the disease in the U.S. annually, there exists a high unmet need for new treatment options. Traditionally treated with invasive surgery, VP-315 emerges as a potential alternative therapeutic regimen, offering significant advantages over surgery, such as reduced pain, infection, bleeding, and scarring.

Under the terms of the license agreement, Lytix received an upfront payment and is entitled to receive milestone payments based on specified development goals, and sales milestones, with aggregate payments of up to USD 111 million in total. Additionally, Lytix is poised to receive tiered royalties based on worldwide annual sales.

ClinicalTrials.gov Identifier: NCT05188729

RESEARCH AND DEVELOPMENT

ATLAS-IT-05 trial

The ATLAS-IT-05 trial is designed to assess the efficacy of LTX-315 in patients with stage III-IV melanoma, who are refractory to treatment with anti-PD-1/PD-L1 inhibitors. LTX-315 is being studied in combination with the immune checkpoint inhibitor pembrolizumab (Keytruda®), which blocks tumor cells' ability to prevent the body's immune response.

Initiated in December 2021 at MD Anderson Cancer Center in Houston, Texas, one of the world's premier cancer hospitals, the trial has engaged a total of ten sites - four in the US and six in Europe.

In August 2023, Lytix announced the completion of recruitment for the study, successfully enrolling 20 patients. Enrolled patients received treatment with LTX-315 for up to five weeks. Pembrolizumab therapy will continue until disease progression or 24 months after enrollment.

Dr. Stephane Dalle, the top recruiting investigator for ATLAS-IT-05, delivered a poster presentation at the ESMO 2023 Congress in October, with preliminary clinical data from 20 patients, of whom 14 were assessed for early anti-tumor activity. Enrolled patients had late-stage melanoma and failed prior treatment with at least one line of anti-PD-1/PD-L-1 checkpoint inhibitor therapy and up to two additional lines of therapies. These patients generally have a poor prognosis with rapid disease progression and few available treatment options. The interim data, with a short median follow-up of only 15 weeks, showed encouraging outcomes in many treated patients.
The combination of LTX-315 and pembrolizumab demonstrated disease stabilization in this challenging patient population with a disease control rate of 43% and one patient showing a confirmed and durable partial response with 89% tumor shrinkage. Importantly, nearly half of the patients were continuing on the

trial, highlighting the sustained impact of the treatment. Substantial tumor shrinkage in non-injected lesions and complete regression in injected lesions were observed in several patients. LTX-315 was well-tolerated, with generally mild to moderate treatment-related adverse events.

Interim data in early 2024 on all 20 patients show a slight increase of disease control from what was reported at ESMO. Following the patients over a longer time shows durable stabilization of the disease up to one year post treatment after having previously failed to respond to several earlier lines of other IO therapies. Shrinkage of both non injected and injected lesions have been confirmed in a substantial number of the patients.

Some of the patients are still at an early phase of the study and further updates will be shared in future presentations as the study progresses, and patients advance in their treatment course. Lytix is reassured on the safety of LTX-315 in combination with pembrolizumab from results to date and by the achievement of mechanism of action supporting data, especially in light of the weaker immune systems typically seen in the refractory patients enrolled in ATLAS-IT-05.

ClinicalTrials.gov Identifier: NCT04796194

Neoadjuvant setting

Based on the encouraging results in ATLAS-IT-05, the company has in collaboration with Dr. Henrik Jespersen at Radiumhospitalet (Oslo University Hospital) decided to initiate a study in patients with early-stage melanoma. One reasons for this is that LTX-315 can have greater effectiveness in early-stage cancer patients due to a more healthy immune system and lower tumor burden. Second, the commercial potential is much larger due to larger patient populations. The study will be an investigator-led study where the efficacy of neoadjuvant LTX-315 (given prior to curative surgery) in combination with pembrolizumab will be assessed. In the ongoing ATLAS-IT-05 study LTX-315 in combination with pembrolizumab seem to be safe. This study will enroll patients with stage III-IV melanoma with less advanced disease than in ATLAS-IT-05 and a stronger immune system. The aim of this new study is to further improve outcomes of pembrolizumab in this patient population and prevent disease recurrence.

The neoadjuvant study, NeoLIPA, will be a Phase II, open-label study of neoadjuvant LTX-315 in combination with standard of care, pembrolizumab (Keytruda®), in 27 patients with clinically detectable and resectable stage III-IV melanoma.

While neoadjuvant checkpoint inhibition has demonstrated a significant reduction of the risk of relapse for high-risk melanoma compared to adjuvant therapy, many patients still experience limited or short treatment effects. Consequently, there exists an unmet medical need for innovative and more effective neoadjuvant treatment regimens. The NeoLIPA study addresses this need by adding LTX-315 to standard of care along with pembrolizumab.

Dr Henrik Jespersen, Head of the Melanoma Oncology Unit at Oslo University Hospital, presented the design of the NeoLIPA trial with LTX-315 at the 15th Nordic Melanoma Meeting in Reykjavik in October 2023. His presentation was well received among the melanoma expert community.

With its unique and dual mode of action, LTX-315 emerges as a promising drug candidate for combination therapy with a PD-1 inhibitor in the neoadjuvant setting. By directly killing cancer cells in the injected lesion, LTX-315 has the potential to locally shrink tumors before surgery. Simultaneously, LTX-315 has demonstrated ability to increase number of tumor-specific immune cells in treated patients, potentially reducing the risk of disease relapse after surgery. In pre-clinical studies we have demonstrated that re-establishment of tumors was not possible after LTX-315 treatment followed by surgery. The NeoLIPA study offers an opportunity to demonstrate whether combining LTX-315 with standard of care in the neoadjuvant setting could improve clinical outcomes for early-stage melanoma patients.

In December 2023, the clinical trial application for the NeoLIPA trial was submitted. The study is planned to start first half 2024 marking a significant step forward in advancing this innovative approach to melanoma treatment. In addition to the excellent opportunity to expand into this additional patient population, Lytix's financial responsibility for this trial is mainly limited to drug supply, which is supportive of the robust financial controls that have been implemented in 2023.

ATLAS-IT-04 trial

The ATLAS-IT-04 trial was an open label, Phase II trial assessing the effect of LTX-315 when used in combination with Adoptive Cell Therapy (ACT) in patients with progressive metastatic soft tissue sarcoma that had failed standard treatment.

The ATLAS-IT-04 trial included intra-tumoral injections of LTX-315 ahead of surgical removal of tumor lesions, followed by in vitro expansion of T cells isolated from the resected tumor lesion. In a second step, the expanded T cells were infused back to the patients. Six heavily pretreated patients were included in the trial and treated with LTX-315, of which four patients proceeded to adoptive T-cell therapy. The treatment was safe, and the best overall clinical response was stabilization of the disease for 208 days. The immune response data from the trial demonstrated that the treatment induces tumor specific T cells in blood, pro-

viding proof of concept that LTX-315 generates an immune response that targets the tumor.

This Phase II study also proofs that it is feasible to combine LTX-315 and adoptive T-cell therapy and confirms that LTX-315 can induce tumor specific immune responses resulting in stabilization of the disease in sarcoma patients with otherwise progressive disease.

The encouraging results from the ATLAS-IT-04 study were recently published in Oncoimmunology, a high-profile, open access journal covering tumor immunology and immunotherapy. Lytix is actively approaching companies with in-house ACT technology.

LTX-401

LTX-401 has shown superior activity in "hard to treat" cancer models, including liver cancer. Based on preclinical research in collaboration with reputed oncology research institutions LTX-401 seems to be ideal for deep seated tumors. LTX-401 is currently being prepared for a Phase I study and we are in dialog with clinical oncology experts to map the optimal way forward and to select cancer indications that are commercially attractive.

Intellectual property

To further strengthen the patent protection for Lytix's technology and extend patent life, two Patent Corporation Treaty (PCT) applications were filed December 2023.

BUSINESS

In October, the Research Council of Norway approved Lytix's application for up to NOK 14.3 million (USD 1.3million) of non-dilutive financial support from the 'SkatteFUNN' R&D tax incentive scheme for a project in respect of its lead program: 'Intratumoral LTX-315 in advanced melanoma'. The approval gives Lytix the right to claim tax deductions for relevant and documentable costs related to research and development activities in the approved project for the period 2023 to 2025.

Financial review

PROFIT AND LOSS

Revenue for the six months ended 31 December 2023 amounted to NOK 3.9 million (NOK 1.4 million) and is related to the sale of supply of LTX-315 to Verrica Pharmaceuticals.

In October, the Research Council of Norway approved Lytix's application for non-dilutive financial support from the 'SkatteFUNN' R&D tax incentive scheme for a project in respect of its lead program: 'Intratumoral LTX-315 in advanced melanoma'. As a consequence, the SkatteFUNN grant of NOK 4.8 million was recognized as other operating income in the second half of 2023. Overall, other operating income for the second half of 2023 amounted to NOK 5.5 million up from NOK 3.2 million for the second half of 2022. Other than the SkatteFUNN grant, operating income for the period includes a grant from Oslo Regional Research Fund.

Personnel expenses for the second half of 2023 came in at NOK 12.6 million (NOK 11.3 million for the second half of 2022). The increased personnel expenses are mainly explained by a slightly higher headcount for the period.

However, given the current challenging state of the financial markets, Lytix introduced in 2023 a cost-saving initiative aimed at enhancing its operations and organizational efficiency to prioritize the Company's clinical development efforts. These measures resulted in substantial cost savings, thereby prolonging the runway on existing resources through H1 2024. The initiative involves downsizing the workforce and maintaining a continuous focus on lowering other operational expenses. This action is imperative to safeguard Lytix's operations amidst challenging global economic conditions.

Direct R&D expenses amounted to NOK 28.3 million for the second half (NOK 28.2 million for the same period in 2022). During the second half of 2023, Lytix completed the recruitment in ATLAS-IT-05 and the study is now running across sites in the US and Europe. In addition, other operating expenses stayed stable at NOK 6.8 million compared to NOK 6.9 million for the same period last year. Loss from operations for the second half of 2023 amounted to NOK 38.2 million (NOK 41.8 million).

Net financial items contributed positively to the net result with NOK 1.4 million in the second half of 2023 (NOK 1.4 million). Lytix has decided to hedge part of its expected USD cost related to the ATLAS-IT-05 study and the financial income for the second half of 2023 is mainly a result of currency fluctuations, interest income and increase in value of market-based financial current assets.

CASH FLOW

Cash flow from operating activities amounted to negative NOK 50.7 million in the second half of 2023, compared with negative NOK 31.9 million for the first half of 2022.

Cash flow from investing activities in the second half of 2023 amounted to NOK 19.8 million and is mainly related to the sale of part of a short-term financial asset.

Cash and cash equivalents at the end of the reporting period amounted to NOK 27.4 million, compared with NOK 94.5 million at 31 December 2022.

At the end of the period, cash plus short-term financial investments amounted to NOK 50.5 million, compared to NOK 145.2 million at 31 December 2022.

STATEMENT OF FINANCIAL POSITION / BALANCE SHEET

Total assets on 31 December 2023 were NOK 63.4 million, compared with NOK 152.0 million on 31 December 2022.

Platform technology

Lytix's technology platform is based on more than 30 years of preclinical and clinical research and originates from UiT, The Arctic University of Norway, Tromsø. The company has successfully generated novel molecules derived from naturally occurring host defense peptides. These have the potential to address the main challenge in current cancer therapy; tumor heterogeneity, which increases therapy resistance and risk of cancer recurrence.

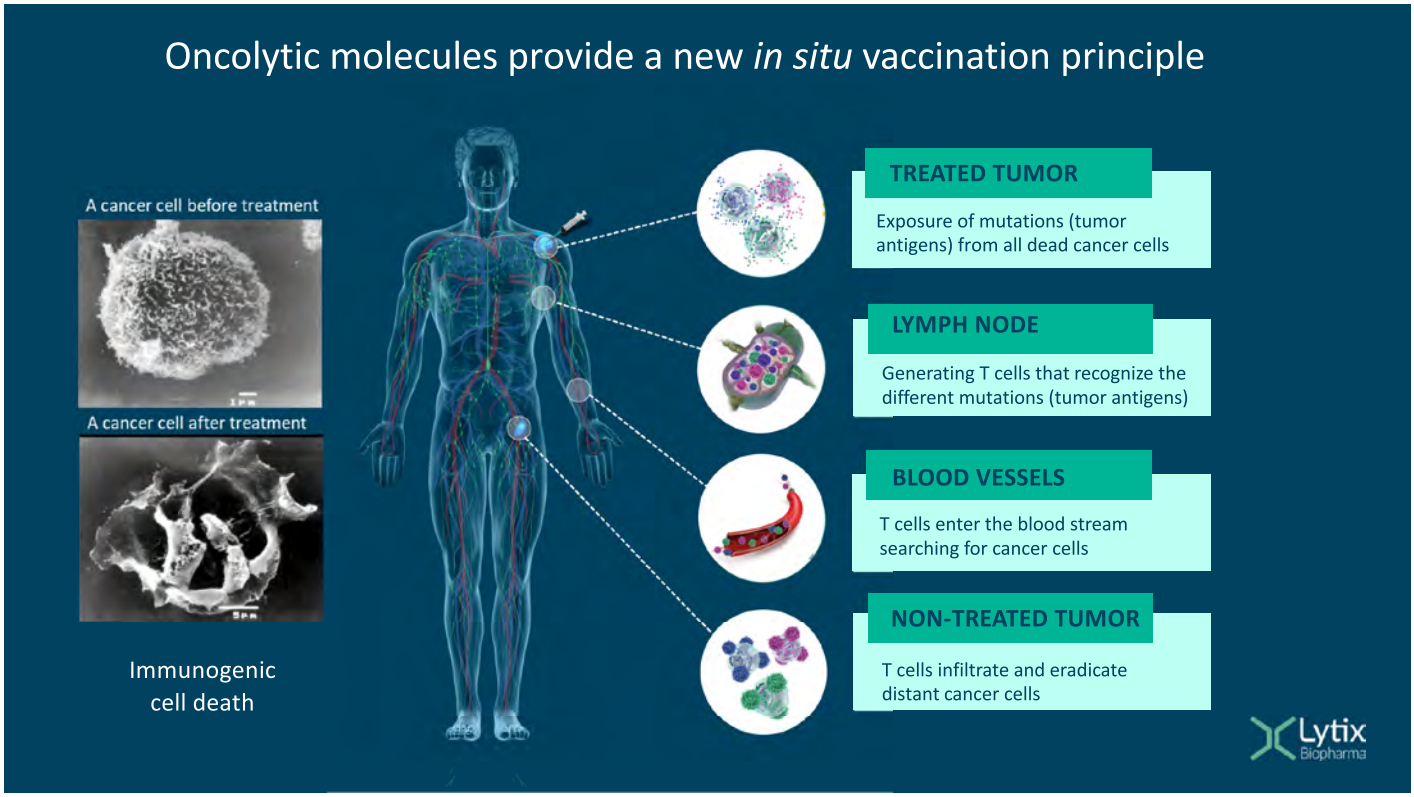
Heterogeneity is considered one of the greatest challenges in cancer treatment for the following reasons:

1. **Treatment resistance:** Different cell populations within a tumor may develop distinct genetic alterations, making them resistant to specific treatments. While one population of cells may respond well to a particular therapy, another population may continue to grow and evade treatment. This can lead to treatment failure and disease recurrence and an even harder to treat disease.
2. **Metastasis:** Heterogeneity can contribute to the spread of cancer to other parts of the body. Certain subpopulations of cells within a tumor may acquire genetic changes that enhance their ability to invade nearby tissues and spread to distant sites. These cells can give rise to new tumors at different locations and contribute to disease progression.
3. **Personalized medicine challenges:** Tumor heterogeneity poses challenges for the development of effective personalized cancer treatments. It is difficult to target all the diverse cell populations within a tumor with a single targeted therapy. Additionally, the genetic changes observed in a tumor at one point in time may evolve over the course of treatment, leading to further heterogeneity and therapy resistance.
4. **Diagnostic and prognostic implications:** Tumor heterogeneity can complicate accurate diagnosis and prognosis. Biopsies or genetic testing from a limited area within a tumor may not capture the full genetic landscape, potentially leading to incomplete or misleading information about the tumor characteristics and behavior.

Delivering immunotherapy straight into the tumor

Lytix Biopharma's unique technology platform potentiates a patient's immune system by injecting drugs with the ability to kill cancer cells straight into the tumor environment. This approach generates an immune response against a broad antigen repertoire targeting the tumors without pre-identifying the antigens, which in turn can save considerable costs and valuable time.

When Lytix's oncolytic molecules are injected straight into solid tumors, they kill the cancer cells and kick- start the patient's own immune system. This process results in an efficient release of tumor neoantigens (mutated proteins) and immune activating molecules. This unique way of eliminating cancer cells results in potent activation of the patient's immune system, with subse-



quent infiltration of T cells into the tumor. The molecule's unique mode of action results in a significant increase of infiltration of immune cells into the injected tumor and is usually designated to make cold (no or few T cells) tumors hot (presence of T cells).

The oncolytic molecules are therefore also ideal for combination with other types of immune therapies where the lack of immune cells in the patients' tumors is one of the major hurdles for these therapies to be effective.

ONCOLYTIC MOLECULES

- Demonstrate a dual mode of action as they:
  - Directly induce immunogenic cell death of tumor cells
  - Activate antigen presenting cells to generate tumor specific T cells
- Harness the solid tumor as a source of antigens
- Generate systemic anti-tumor immunity
- Induce a switch from an immuno-suppressive environment towards an immuno-stimulatory environment enriched for activated cytotoxic cells

In a GlobalData survey[1], physicians ranked tumor heterogeneity as the most challenging aspect of optimizing IO therapy. Tumor heterogeneity introduces significant challenges in cancer therapy and is the main cause of treatment failure, drug resistance, relapse and recurrence. Lytix's oncolytic molecules uniquely address heterogeneity by being able to recognize and target the different cancer subclones in a heterogenous tumor, including both drug sensitive and resistant cancer cells.

Oncology is the largest pharmaceutical market by revenue. Oncology therapeutics represented USD 143 billion in sales in 2019 (˜20 per cent of global pharmaceutical sales)[2]. To capture a larger market share, parallel development across multiple indications increases the value of an individual asset and makes deal-making more likely. The unmet medical need remains critical, and the market is expected to reach USD 250 billion by 2024[3]. The key driver behind this future growth is expected to be immuno-oncology combination therapies. Lytix's oncolytic molecules are synergistic and complementary to other immuno-oncology therapies with the potential to create new treatment paradigms.

Lytix's oncolytic molecules have the potential to claim a unique position within immuno-oncology, by addressing the main chal-

1 *Source: GlobalData High-Prescriber Survey (December 2020)*
2 *Source: McKinsey analysis of EvaluatePharma (July 2020)*
3 *Source: McKinsey analysis of EvaluatePharma (July 2020)*

lenge across a wide section of cancer indications as well as being able to combine with many other immuno-oncology therapies, creating significant patient impact as well as value for Lytix.

Product candidates and portfolio

Lytix Biopharma's unique technology platform has the capacity to deliver several molecules within the class of amphipathic membranolytic drugs. These are aimed at improving the lives of patients across many cancer types where tumors are accessible for intratumoral injections.

The developmental program progresses several of these molecules both as monotherapy, as a combination partner with checkpoint inhibitors and as an adjunct to cell therapy.

Our lead candidate, LTX-315, is currently being evaluated in two different Phase II trials, both as monotherapy and as combination therapy with the checkpoint inhibitors pembrolizumab. In addition, a neoadjuvant study in melanoma patients with resectable tumors is planned to start first half 2024.

LTX-401 is a second-generation drug candidate that has shown unique properties for being used to treat deep seated tumors, eg. liver cancer. LTX-401 is being prepared for entering into a human clinical trial.

Product candidate	Combination partner	Population	Discovery	Preclinical	Phase I	Phase II	Phase III
LTX-315	**Atlas-IT-05** Pembrolizumab (Keytruda®)	Melanoma patients progressed on checkpoint inhibitors					
	Verrica Pharmaceuticals Monotherapy	Basal cell carcinoma					
	Atlas-IT-06 NeoLIPA	Neoadjuvant resctable melanoma patients					
	Atlas-IT-04 Adoptive T-cell therapy	Advanced soft tissue sarcoma		COMPLETED			
LTX-401	Monotherapy	Solid tumors (deep seated lesions)					
Undisclosed chemistry		Solid tumors					

A unique technology platform

Oncolytic molecules inspired by nature
Based on the concepts of naturally occuring host defense peptides, scientifically improved for cancer therapy.

***In situ* vaccination platform**
Candidate drugs to be directly injected into solid tumors priming the immune system for potent activation.

Product candidates

LTX-315

LTX-315, the lead candidate of Lytix Biopharma, is a chemically modified nine amino acid peptide developed from bovine lactoferricin. It is a first-in-class oncolytic molecule that is developed for intratumoral injections. Preclinical studies have demonstrated that treatment of solid tumors with LTX-315 results in growth inhibition, complete regression, and long-lasting tumor specific immune protection. These studies also demonstrate that the treatment results in a significant increase of the number of tumor-infiltrating T cells in the tumor micro-environment (Sveinbjørnsson et al. 2017).

LTX-315 was either given as monotherapy or in combination with a checkpoint inhibitor to patients with transdermally accessible tumors. The trial has shown that LTX-315 has an acceptable safety profile without any added safety concerns when given in combination with a checkpoint inhibitor. The scientific foundation has been laid to claim that LTX-315 is clinically active and contributes to immune-mediated anticancer activity (Spicer et al. 2018/Spicer et al. 2021).

LTX-315´s has been tested in combination with adoptive cell therapy. This kind of therapy implies the isolation of T cells from the tumor, expansion in the laboratory and transfer back to the patient to improve the immune response against the tumor. The ATLAS-IT-04 study at Herlev Hospital Denmark was set up to evaluate the potential of LTX-315 to enhance the number of T cells prior to isolation and expansion of the T cells to billions. The T cells were then given back to the patient. In this study, LTX-315 was administered in combination with adoptive T-cell therapy in advanced soft tissue sarcoma patients. During the study, an extensive immune profile was measured to characterize the immune status and nature of immune response together with monitoring the clinical response. The study is now finalized, and the results were presented at ASCO in June 2022 and recently published in a prominent scientific journal.

LTX-401

LTX-401 is a small molecule that has the potential to treat deep-seated tumors such as hepatocellular carcinoma (liver cancer) and liver metastases. In several experimental models, LTX-401 induces complete regression after intratumoral injection with subsequent development of systemic immune protection. LTX-401 has shown increased efficacy when combined with checkpoint inhibitors and has demonstrated significant effects in experimental liver cancer models. LTX-401 has been through a preclinical safety program to enable the initiation of the first clinical trial.

UNDISCLOSED

Lytix has several molecules in discovery phase. Further information on these will be provided as they advance from early stage of development.

Partnerships

VERRICA PHARMACEUTICALS

Verrica Pharmaceuticals Inc is a Nasdaq-listed dermatology therapeutics company developing medications for skin diseases requiring medical interventions, and it is headquartered in West Chester, Pennsylvania. In August 2020, Lytix announced that it entered into a license agreement providing Verrica Pharmaceuticals with a worldwide license to develop and commercialize LTX-315 for some malignant and pre-malignant dermatological indications. Lytix maintains all rights to the use of LTX-315 in patients with metastatic melanoma and metastatic Merkel cell carcinoma. Verrica will assume responsibility for the manufacturing of the LTX-315 drug product, while Lytix retains responsibility for the manufacturing of the active pharmaceutical ingredient (API). Under the license agreement, Lytix may receive aggregate payments of more than USD 111 million as a signing fee and upon achievement of certain clinical, regulatory and sales milestones as well as tiered royalty payments in the double-digit teens.

Verrica intends to initially focus on basal cell carcinoma as the lead indication for development of LTX-315. In November 2021, Verrica received IND approval from the US FDA to initiate a Phase II clinical trial in basal cell carcinoma, and the first patient was recruited to the study in April 2022.

Data from Part 1 of this study were presented in August 2023, showing complete clinical and histological clearance of basal cell carcinoma lesions in four out of six patients and 95% and 30% histological clearance in the remaining two patients. In January 2024, Verrica announced that recruitment and dosing of patients in their Phase II study has been completed and that they will complete the study in first half 2024.

The American Cancer Society has estimated that about 5.4 million basal cell carcinoma (BCC) and squamous cell carcinomas (SCC) are diagnosed in the US annually. With about 80% of these skin cancers being BCC, there is a significant potential for new treatment options.

Risks and uncertainties

Lytix is a clinical stage biotech company, which is accumulating financial losses. Operating losses are expected to continue during the development phases of the company's products, and, other than potential development milestone payments from the licensing agreement with Verrica, potentially cash generating operations are not expected until one or more of the company's products are commercialized.

The company has no interest-bearing debt. Bank deposits are exposed to market fluctuations in interest rates, which affects financial income. Lytix is on a regular basis transacting in various currencies other than the functional currency (NOK). This implies that the company is exposed to currency fluctuations. Transactions related to the ATLAS-IT-05 study are mainly denominated in USD, and Lytix has consequently placed a part of its cash position in USD to hedge part of the foreign currency risk. The credit risk is limited as revenues are minimal, exclusive of public grants and sales of drug supply to partners.

The company controls its cash flow from both long- and short-term perspectives through rolling cash forecasts. The company has no loan agreements involving covenants or other financial instruments or requirements.

Liquidity is monitored on a continuing basis by the Company. Funding of ongoing operations is, and will be for some time, dependent on external sources, mainly equity contributions. There is an inherent risk around future financing of the company, depending upon the company's own performance and on the financial market conditions. Acceptable sources of funding may not be available when needed or may not be available on acceptable terms. The company's ability to obtain capital or financing will depend in part upon prevailing market conditions, as well as conditions of its business and its operating results, and those factors may affect its efforts to arrange additional financing on satisfactory terms. Funding is considered to be a key risk factor by the Company.

The current cash position funds the planned activities for H1 2024 on a going concern basis. In 2024, additional financing options will need to be sought.

NON-FINANCIAL RISKS

Lytix's activity is the development of pharmaceutical medications. Research and development up to approved registration is subject to considerable risk and is a capital-intensive process. Lytix's candidates for cancer medications and technology platform are dependent on research and development and go through several stages before commercialization and risk of failure is generally inherent throughout the process.

Technology risk

The company's lead product candidates are still at an early stage and the preclinical and clinical studies may not prove to be successful. Furthermore, the product candidates are dependent on continued research and development which may be delayed and/or incur higher costs than currently expected.

Competitive technology

Immunotherapy and other cancer therapeutics industries are in general highly competitive and dynamic and, as such, a high-risk business.

Market risks

The financial success of the company will require beneficiary partner agreements as well as obtaining market access and reimbursement/ pricing at attractive levels. There can be no guarantee that the company's product(s) will meet these requirements. The company will need approvals from the European Medicines Agency (EMA) to market products in Europe and from the U.S. Food and Drug Administration (FDA) to market its products in the US, as well as equivalent regulatory authorities in other foreign jurisdictions to commercialize in those regions.

Outlook

Lytix is well positioned to advance and develop its clinical stage assets. Given the strong interest from the industry for a technology that solve the major challenge in current cancer therapy, Lytix believe the Company is in a strong position to attract partners and investors to broaden and accelerate development of LTX-315 and LTX-401 in the future.

The patient enrollment for ATLAS-IT-05 has been completed and we are continuing to see positive results in a patient population that has previously failed to respond to two or more lines of immunotherapies in addition to PD(L)-1 therapy. The recent clinical results from this trial are very encouraging and the Company look forward to following these patients for longer and the support these data will provide for future studies, including neoadjuvant and in patients earlier in their treatment journey.

Lytix is also excited to start a neoadjuvant study with LTX-315 in melanoma patients with resectable tumors in collaboration with Radiumhospitalet in first half 2024. This study will evaluate the potential of LTX-315 combined with a standard of care treat-

ment (pembrolizumab) in earlier stage cancer patients. Patients with earlier stage cancer have healthier immune systems, and fewer rounds of previous treatments and are therefore more likely to be able to respond optimally to Lytix's technology.

With LTX-315 advancing in the clinic in internal and externally sponsored studies in Europe and the USA, more data is expected during 2024 and 2025. A positive outcome from these studies can generate future options to form new partnerships for late-stage development and commercialization.

The above, and the Company's ability to follow its business plan, is contingent on the Company being able to secure additional funding. While the current cash position provides a cash runway through first half 2024, the Company continues to explore strategic partnering opportunities as well as other ways to finance its development plans.

Responsibility statement

The board is not aware of any matters that are important for an assessment of the company's position and results that are not set out in the interim accounts. Similarly, no matters have occurred after 31 December 2023, that in the opinion of the board are material to an assessment of the accounts.

The board stated that the interim accounts represent a true and fair view of the company's financial position on 31 December 2023. According to the Norwegian Accounting Act §3-3 (a), the board of directors confirmed that the financial statements have been prepared under the assumption of going concern and that the grounds for this assumption exist.

Oslo 29 February 2024
The board of directors and the chief executive officer of Lytix Biopharma AS

Marie Roskrow
Chair of the board

Brynjar Forbergskog
Director

Evelina Vågesjö
Director

Jayson Rieger
Director

Kjetil Hestdal
Director

Marie-Louise Fjällskog
Director

Øystein Rekdal
Chief executive officer

Financial statements

Condensed interim statement of profit or loss[1]

Amounts in NOK thousands	*Notes*	**Q4 2023**	Q4 2022	**H2 2023**	H2 2022	**FY 2023**	FY 2022
Revenue	*1, 3*	**-**	-	**3 917**	1 409	**3 991**	1 409
Other operating income	*2, 3*	**5 125**	1 615	**5 500**	3 178	**6 250**	15 864
Total operating income		**5 125**	1 615	**9 417**	4 587	**10 241**	17 273
Payroll and related expenses	*4*	**(6 006)**	(6 163)	**(12 573)**	(11 253)	**(25 411)**	(21 133)
Depreciation and amortization expenses	*5*	**(17)**	(13)	**(34)**	(24)	**(62)**	(30)
Direct R&D expenses		**(15 329)**	(14 847)	**(28 281)**	(28 194)	**(68 323)**	(50 974)
Other operating expenses		**(3 377)**	(4 430)	**(6 776)**	(6 897)	**(13 323)**	(10 832)
Total operating expenses		**(24 729)**	(25 453)	**(47 665)**	(46 368)	**(107 118)**	(82 968)
Loss from operations		**(19 604)**	(23 837)	**(38 247)**	(41 781)	**(96 877)**	(65 695)
Net financial items	*6*	**1 024**	(5 357)	**1 419**	1 439	**8 940**	9 689
Loss before tax		**(18 580)**	(29 195)	**(36 828)**	(40 343)	**(87 937)**	(56 006)
Tax expense		**-**	-	**-**	-	**-**	-
Loss for the period		**(18 580)**	(29 195)	**(36 828)**	(40 343)	**(87 937)**	(56 006)

1) Interim figures are unaudited.

Condensed interim statement of financial position[1]

Amounts in NOK thousands	*Notes*	**30.06.2023**	30.09.2022	**31.12.2023**	31.12.2022
ASSETS					
Non-current assets					
Property, plant and equipment		**144**	127	**110**	124
Total non-current assets		**144**	127	**110**	124
Current assets					
Trade and other receivables	*8*	**5 959**	1 252	**12 777**	6 735
Short-term financial investments		**41 961**	32 609	**23 183**	50 606
Cash and cash equivalents	*9*	**58 257**	46 158	**27 365**	94 552
Total current assets		**106 177**	80 019	**63 326**	151 893
Total assets		**106 321**	80 147	**63 436**	152 017
Shareholder's equity and liabilities					
Issued capital and reserves					
Share capital	*10*	**4 007**	4 007	**4 007**	4 007
Share premium reserve	*10*	**82 115**	64 945	**47 365**	131 119
Total equity		**86 122**	68 952	**51 372**	135 126
LIABILITIES					
Current liabilities					
Trade payables		**5 889**	22	**3 572**	6 997
Other current liabilities		**14 310**	11 173	**8 492**	6 894
Total current liabilities		**20 199**	11 195	**12 064**	16 891
Total liabilities		**20 199**	11 195	**12 064**	16 891
Total equity and liabilities		**106 321**	80 147	**63 436**	152 017

1) Interim figures are unaudited.

Condensed interim statement of cash flows[1]

Amounts in NOK thousands	**Q4 2023**	Q4 2022	**H2 2023**	H2 2022	**FY 2023**	FY 2022
Cash flows from operating activities						
Loss for the period	**(18 580)**	(29 195)	**(36 828)**	(40 343)	**(87 937)**	(56 006)
Adjustments for:						
Depreciation and amortization expenses	**17**	13	**34**	24	**62**	30
Share-based payment expense	**1 001**	438	**2 079**	751	**4 183**	1 376
Interest income/(expense), net	**(433)**	-	**(1 006)**	-	**(2 348)**	-
Increase/decrease in trade and other receivables	**(11 525)**	(1 079)	**(6 818)**	908	**(6 042)**	(1 055)
Increase/decrease in trade and other payables	**869**	3 400	**(8 135)**	6 750	**(4 828)**	3 553
Cash generated from operations	**(28 652)**	(26 422)	**(50 676)**	(31 909)	**(96 909)**	(52 102)
Income tax paid	**-**	-	**-**	-	**-**	-
Net cash flows from operations	**(28 652)**	(26 422)	**(50 676)**	(31 909)	**(96 909)**	(52 102)
Investing activities						
Investments in tangible assets	**-**	-	**-**	(17)	**(49)**	(154)
Interest received	**434**	-	**1 007**	-	**2 351**	
Increase/decrease in other investments	**9 425**	(697)	**18 778**	(50 606)	**27 423**	(50 606)
Net cash from/(used) in investing activities	**9 860**	(697)	**19 785**	(50 623)	**29 725**	(50 761)
Financing activities						
Interest paid	**(1)**	-	**(1)**	-	**(3)**	-
Proceeds from share issue	**-**	-	**-**	-	**-**	133
Net cash from/(used) in financing activities	**(1)**	-	**(1)**	-	**(3)**	133
Net increase in cash and cash equivalents	**(18 793)**	(27 120)	**(30 892)**	(82 532)	**(67 187)**	(102 730)
Cash and cash equivalents at the beginning of the period	**46 158**	121 671	**58 257**	177 084	**94 552**	197 282
Cash and cash equivalents at the end of the period	**27 365**	94 552	**27 365**	94 552	**27 365**	94 552

1) Interim figures are unaudited.

Notes to the financial statements[1]

Accounting principles
The condensed interim financial statements have been prepared in accordance with the recognition and measurement criteria in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The interim financial statements should be read in conjunction with the company's annual financial statements for 2022 as they do not include all the information required for a complete set of financial statements in accordance with the Norwegian accounting act. The interim financial statements are presented in NOK, which is also the company's functional currency. Amounts are rounded to the nearest thousand unless otherwise stated. The interim financial statements are unaudited.

Use of estimates
The preparation of accounts in accordance with the recognition- and measurement criteria in accordance with the Norwegian Accounting Act requires the use of estimates. It also requires management to exercise judgment in applying the company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in the following notes.

Revenue
Revenue comprises the fair value of any consideration received or due consideration for the sale of services in regular business activities. Revenue is presented net of value added tax provided the amount of revenue can be measured reliably and it is probable that the company will receive any considerations. The company's products are still in the research and development phase, and it has no revenue from sales of products yet.

Revenues for services are recognized when the services are performed, and the company has a right to payment.

The company's revenue is not significantly affected by seasonality or other variations throughout the reporting period.

Classification and assessment of balance sheet items
Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

Intangible assets
Expenditure on own Research and Development are expensed as and when they incur. Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the cost can be measured reliably. Otherwise, such expenditure is expensed as and when incurred. Capitalized development costs are amortized linearly over the asset's expected useful life.

Receivables
Accounts receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables. Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

Defined contribution plan
With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognized as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Tax
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 22% on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and tax losses varied forward losses, is based on estimated future earnings. Deferred tax benefits are not shown in the balance sheet.

Forward contracts
Assets/liabilities secured through forward contracts are reflected in the balance sheet at forward exchange rate, except for the interest rate element which is accrued and classified as interest income / expense.

Cash flow statement
The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short-term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

1) Interim figures are unaudited.

NOTE 1 REVENUE

Amounts in NOK thousands	**Q4 2023**	Q4 2022	**H2 2023**	H2 2022	**FY 2023**	FY 2022
Revenue	**-**	-	**3 917**	1 409	**3 991**	1 409
Other	**-**	-	**-**	-	**-**	-
Total Revenue	**-**	-	**3 917**	1 409	**3 991**	1 409

The company's products are still in the research and development phase, and there is no revenue from sales of products yet.

NOTE 2 OTHER OPERATING INCOME

Amounts in NOK thousands	**Q4 2023**	Q4 2022	**H2 2023**	H2 2022	**FY 2023**	FY 2022
Other operating Income						
Government grants recognized in profit and loss	**5 125**	1 615	**5 500**	3 178	**6 250**	**6 242**
Other	**-**	-	**-**	-	**-**	**9 622**
Other operating Income	**5 125**	1 615	**5 500**	3 178	**6 250**	**15 864**

In October, Lytix announced that the Research Council of Norway has approved Lytix's application for up to NOK14.3m of non-dilutive financial support from the 'SkatteFUNN' R&D tax incentive scheme for a project in respect of its lead program: 'Intratumoral LTX-315 in advanced melanoma' for the period 2023 to 2025 inclusive.

NOTE 3 GEOGRAPHICAL DISTRIBUTION INCOME

Amounts in NOK thousands	**Q4 2023**	Q4 2022	**H2 2023**	H2 2022	**FY 2023**	FY 2022
Geographical distribution						
Norway	**5 125**	1 615	**5 500**	3 178	**6 250**	6 242
US	**-**	-	**3 917**	1 409	**3 991**	11 031
Total operating income	**5 125**	1 615	**9 417**	4 587	**10 241**	17 273

Lytix has only one operating segment, which is research and development.

NOTE 4 PAYROLL AND RELATED EXPENSES

Amounts in NOK thousands	**Q4 2023**	Q4 2022	**H2 2023**	H2 2022	**FY 2023**	FY 2022
Payroll and related expenses, including directors, comprise						
Wages and salaries	**3 794**	4 486	**7 939**	7 996	16 267	15 814
Defined contribution pension const	**364**	219	**691**	417	1 262	820
Share-based payment expense	**1 001**	438	**2 079**	751	4 183	1 376
Social security contributions	**826**	565	**1 576**	1 058	3 015	1 597
Other personnel costs	**22**	455	**288**	1 030	683	1 526
Total payroll and related expenses	**6 006**	6 163	**12 573**	11 253	25 411	21 133

Lytix Biopharma AS is required to have a pension scheme in accordance with the Norwegian law of mandatory occupational pension. The company's pension scheme fulfils the requirements of the law.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK thousands	Machinery and equipment	**Total 2023**	Machinery and equipment	Total 2022
Carrying amount 1 January	124	124	-	-
Additions	49	**49**	154	154
Depreciation	(62)	**(62)**	(30)	(30)
Carrying value 31 December	110	**110**	124	124
As of 1 January				
Acquisition cost	154	**154**	-	-
Accumulated depreciation and write-downs	(30)	**(30)**	-	-
Carrying amount 1 January	124	**124**	-	-
As of 31 December				
Acquisition cost	203	**203**	154	154
Accumulated depreciation and write-downs	(92)	**(92)**	(30)	(30)
Carrying amount 31 December	110	**110**	124	124

NOTE 6 FOREIGN CURRENCY RISK

Lytix Biopharma AS is on a regular basis transacting in various currencies other than the functional currency (NOK). This implies that the company is exposed to currency fluctuations. Transactions related to the ATLAS-IT-05 study are mainly denominated in USD, and Lytix has consequently placed a significant part of its cash position in USD to hedge part of the foreign currency risk.

For the second half of 2023, net financial income came in at NOK 1.4 million. A large portion of net financial income stems from conversion of the USD cash position into NOK.

NOTE 7 INTANGIBLE ASSETS

The company has no intangible assets as all ongoing projects have been classified as research.

NOTE 8 TRADE AND OTHER RECEIVABLES

Amounts in NOK thousands	**30.06.2023**	30.09.2023	**31.12.2023**	31.12.2022
Trade and other receivables				
Trade receivables	**74**	-	-	-
Governmental grants	**4 750**	375	5 500	5 500
VAT	**604**	144	354	498
Prepayments	**531**	733	655	737
Other receivables	**-**	-	6 268	-
Total trade and other receivables	**5 959**	1 252	12 777	6 735

NOTE 9 CASH AND CASH EQUIVALENTS

Amounts in NOK thousands	**30.06.2023**	30.09.2023	**31.12.2023**	31.12.2022
Cash and cash equivalents				
Employee withholding tax	2 366	1 321	**1 517**	1 373
Variable rate bank accounts	55 890	44 837	**25 794**	93 179
Total Cash and cash equivalents	58 257	46 158	**27 365**	94 552

At the end of the period cash plus short-term financial investments was NOK 50.5 million compared to NOK 100.2 million at 30 June 2023 and NOK 145.2 at 31 December 2022.

NOTE 10 EQUITY AND SHARE CAPITAL

Amounts in NOK thousands	Share capital	Share premium reserve	**Total equity**
Balance at 1 January 2023	4 007	131 119	**135 126**
Income for the period			
Loss for the period	-	(87 937)	**(87 937)**
Total income for the period	-	(87 937)	**(87 937)**
Share based payment	-	4 183	**4 183**
Total contributions by and distributions to owners	-	4 183	**4 183**
Balance at 31 December 2023	4 007	47 365	**51 372**

Amounts in NOK thousands	Share capital	Share premium reserve	**Total equity**
Balance at 1 January 2022	3 874	185 750	**189 624**
Income for the period			
Loss for the period	-	(56 006)	**(56 006)**
Total income for the period	-	(56 006)	**(56 006)**
Registration of share issue 20 April 2022	133	-	**133**
Share based payment	-	1 376	**1 376**
Total contributions by and distributions to owners	133	1 376	**1 509**
Balance at 31 December 2022	4 007	131 119	**135 126**

Share capital at 31 December 2023, is NOK 4 006 831.9 (31 December 2022: NOK 4 006 831.9), being 40 068 319 ordinary shares at a nominal value of NOK 0.1. All shares carry equal voting rights.

Change in the number of shares during the period was as follows:

	2023	2022
Ordinary shares at 1 January	**40 068 319**	38 739 013
Capital increase 20 April 2022[1]	**-**	1 329 306
Ordinary shares at 31 December 2022/2023	**40 068 319**	40 068 319

1) On 15 March 2022, Lytix announced that PBM LYT, an affiliate of PBM Capital Group, LLC, exercised 1 329 306 warrants giving rights to 1 329 306 shares. Reference is made to the warrants issued by the Company's General Meeting on 7 June 2021, with a subscription price per share of NOK 0.1 and with an expiry date of 6 June 2022. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on 20 April 2022.

Top 20 shareholders at 31 December 2023

No.	Shareholder	No. of shares	Percentage share of total no. of shares
1	Citibank, N.A.	3 690 417	9.2%
2	Jakob Hatteland Holding AS	3 000 000	7.5%
3	Waatvika AS	1 860 764	4.6%
4	Taj Holding AS	1 834 702	4.6%
5	Lyr Invest AS	1 770 925	4.4%
6	Brødrene Karlsen Holding AS	1 709 274	4.3%
7	Care Holding AS	1 208 080	3.0%
8	Ynni Invest AS	1 202 049	3.0%
9	Per Strand Eiendom AS	1 024 128	2.6%
10	LTH invest AS	801 366	2.0%
11	Picasso AS	695 753	1.7%
12	Skandinaviska Enskilda Banken AB	669 115	1.7%
13	Lysnes Invest AS	615 654	1.5%
14	Kvasshøgdi AS	604 727	1.5%
15	Belvedere AS	569 591	1.4%
16	Norinnova Invest AS	557 510	1.4%
17	HIFO Invest AS	555 555	1.4%
18	Saturn Invest AS	555 555	1.4%
19	North Murray AS	516 814	1.3%
20	Jahatt AS	500 000	1.2%
	Total number of shares for top 20 shareholders	23 941 979	59.8%
	Total number of shares for the other shareholders	16 126 340	40.2%
	Total number of shares	40 068 319	100.0%

Lytix Biopharma AS
Sandakerveien 138
NO-0484 Oslo
Norway

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Business development:
bd@lytixbiopharma.com

General enquiries:
post@lytixbiopharma.com

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Appendix 3: Application form

LYTIX BIOPHARMA AS **APPLICATION FORM**
Offering

General information: The terms and conditions of the Offering by Lytix Biopharma AS (the "**Company**") are set out in the prospectus dated 9 April 2024 (the "**Prospectus**"). Terms defined in the Prospectus shall have the same meaning in this Application Form. In case of any discrepancies between the Application Form and the Prospectus, the Prospectus shall prevail.

Application procedures: The Application Period is from 10 April 2024 to 24 April 2024 at 16:00 hours (CEST). Correctly completed Application Forms must be received by the Company at the following e-mail address:

E-mail: post@lytixbiopharma.com

The applicant is responsible for the correctness of the information filled in on the Application Form. Application Forms that are incomplete or incorrectly completed, or that are received after the end of the Application Period, and any application for a subscription that may be unlawful, may be disregarded at the sole discretion of the Company without notice to the applicant. The Company cannot be held responsible for unavailable internet lines or servers or other logistical or technical problems that may result in Application Forms not being received in time or at all by the Company. Applications are irrevocable and binding upon receipt and cannot be withdrawn, cancelled or modified by the applicant after having been received by the Company.

Offer Price: The Offer Price in the Offering is NOK 5.24 per Offer Share.

Allocation of Offer Shares: The Offer Shares will be allocated based on the allocation criteria set out in the Prospectus. The Company reserves the right to reject or reduce any application for Offer Shares (i) in case of over-subscription, and (ii) in accordance with the allocation criteria set out in the Prospectus. The Company will not allocate fractional Offer Shares. Allocation of fewer Offer Shares than applied for does not impact the applicant's obligation to pay for the Offer Shares allocated. Notification of allocated Offer Shares and the corresponding subscription amount to be paid by each applicant is expected to be distributed in an allocation letter from the Company on or about 25 April 2024.

Payment: Provided that the conditions for the Offering is fulfilled, payment instructions are expected sent on or about 25 April 2024. The total subscription amount (i.e. the allocated shares multiplied with the Offer Price) in the Offering shall be paid by the applicant on the date set forth in the payment instructions, expected to be on or about 30 April 2024 (the "**Payment Date**").

PLEASE SEE PAGE 2 OF THIS APPLICATION FORM FOR OTHER PROVISIONS THAT ALSO APPLY

DETAILS OF THE APPLICATION FOR OFFER SHARES

Number of Offer Shares (incl. over-subscription): _____		
↳	**Offer Price per Offer Share:** **NOK 5.24**	**Amount to be paid:** **NOK: _____**

I/we hereby irrevocably apply to (i) subscribe for the number of Offer Shares specified above subject to the terms and conditions set out in this Application Form and in the Prospectus, (ii) authorize and instruct the Company (or someone appointed by it) to take all actions required to subscribe for the Offer Shares allocated to me/us at the general meeting, (iii) commit to vote in favor of the Offering at the general meeting and (iv) confirm and warrant to have read the Prospectus and the Application Form and that I/we am/are eligible to subscribe for Offer Shares under the terms set forth therein and herein.

Place and date
must be dated in the Application Period.

Binding signature / name in block letters
The applicant must have legal capacity. When signed on behalf of a company or pursuant to an authorization, documentation in the form of a company certificate or power of attorney must be enclosed.

INFORMATION ON THE APPLICANT – ALL FIELDS MUST BE COMPLETED IN BLOCK LETTERS

First name	
Surname/company name	
Street address	
Post code/district/ country	
Personal ID number/ organization number	
Nationality	
E-mail address	
Telephone number	
VPS account number	
The below fields must be completed by applicants subscribing for Offer Shares through a nominee VPS account. Other applicants can leave the below fields blank.	
Name of VPS nominee account provider (for example Citibank, N.A.)	
Account number at VPS nominee provider (*Nw. "depotnummer"*)	
Contact person at VPS nominee account holder (including e-mail address and telephone number)	

ADDITIONAL GUIDELINES FOR THE APPLICANT

Risk: The applicant represents that he/she/it is capable of evaluating the merits and risks of a decision to invest in the Company by applying to subscribe for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.

Selling Restrictions: The attention of persons who wish to apply to subscribe for Offer Shares is drawn to page two "Important Information" and Section 5.4.5 "Selling and transfer restrictions" of the Prospectus. The Company is not taking any action to permit a public offering of the Offer Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer, and for jurisdictions other than Norway, would require any filing, registration or similar action, and, in such circumstances, the Prospectus is for information only and should not be copied or redistributed. Persons outside Norway should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person wishing to subscribe for Offer Shares under the Offering to satisfy himself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Offer Shares have not been registered, and will not be registered, under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. This Application Form does not constitute an offer to sell or a solicitation of an offer to buy Offer Shares in any jurisdiction in which such offer or solicitation is unlawful, and for jurisdictions other than Norway, would require any filing, registration or similar action. By applying to subscribe for Offer Shares, persons effecting Application Forms will be deemed to have represented to the Company that they, and the persons on whose behalf they are applying to subscribe for Offer Shares, have complied with the above mentioned selling restrictions.

VPS account: Participation in the Offering is conditional upon holding a VPS account. The VPS account number must be stated in the Application Form. If the account is a VPS nominee account, the Application Form must also include information on the VPS nominee account provider, account number at the VPS nominee account provider and contact person. VPS accounts can be established with authorized VPS registrars, who can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian FSA. Establishment of a VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

Overdue and missing payments: Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 12.50% per annum as of the date of the Prospectus. If an applicant fails to comply with the terms of payment or should payments not be made when due, the applicant will remain liable for payment of the Offer Shares allocated to it and the Offer Shares allocated to such applicant will not be delivered to the applicant. If payment has not been received by the seventh day after the Payment Date, the Company reserve the right to, at the risk and cost of the applicant, cancel the subscription and to re-allocate of allocated Offer Shares for which payment is overdue, or without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Company may decide in accordance with Norwegian law. If Offer Shares are sold on behalf of the applicant, such sale will be for the applicant's account and risk and the applicant will be liable for any loss, costs, charges and expenses suffered or incurred by the Company as a result of, or in connection with, such sales. The Company may enforce payment for any amounts outstanding in accordance with applicable law.