PROSPECTUS

(Norwegian: registreringsprospekt)

Lytix Biopharma AS

(a private limited liability company organized under the laws of the Kingdom of Norway)
Business registration number: 985 889 635

Right issue of up to 4,751,500 Offer Shares in Lytix Biopharma AS at an Offer Price of NOK 10 per share and with an Application Period from June 6, 2018 to June 24, 2018 at 24:00 CET

Lytix Biopharma AS ("**Lytix**" or the "**Company**") is offering up to 4,751,500 new shares in the Company, each with a par value of NOK 0.1 (the "**Offer Shares**") in connection with a rights issue raising gross proceeds of up to NOK 47,515,000 directed towards the Company's shareholders as at May 30, 2018 (the "**Rights Issue**").

The application period (the "**Application Period**") for the Offer Shares commences on June 6, 2018 and expires on June 24, 2018 at 24:00 CET.

The subscription price per Offer Share (the "**Offer Price**") is NOK 10. The number of Offer Shares to be issued will be determined based on the number of shares subscribed for during the Application Period, but will not exceed 4,751,500 shares.

The Offer Shares will when issued be registered in the Norwegian Central Securities Depository (the "**VPS**") in book-entry form and are expected to be delivered to the applicant's VPS account on or about July 5, 2018. The Company's shares (the "**Shares**") are not subject to public trading. The Offer Shares will have equal rights and rank pari passu with the Company's Shares.

Investing in the Company's Shares, including the Offer Shares, involves a high degree of risk. See Section 7 "Risk Factors".

June 5, 2018

*This Prospectus is a national prospectus (Norwegian: registreringsprospekt) and has been registered with the Norwegian Register of Business Enterprises in accordance with Section 7-10 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 7-7 of the Norwegian Securities Trading Act.*

IMPORTANT INFORMATION

This prospectus dated June 5, 2018 (the "**Prospectus**") has been prepared by Lytix Biopharma AS in connection with the Rights Issue. 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 7-2 and related legislation and regulations. The Prospectus has been prepared in the English language only. 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 7-10. The Prospectus is not subject to, and has not been prepared to comply with, the EU Prospectus Directive (Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003) and related legislation.

Prospective investors are expressly advised that an investment in the Offer Shares entails a high degree of financial and legal risks and that they should therefore read this Prospectus in its entirety, including but not limited to Section 7 "Risk Factors", 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.

None of the Company or any of their respective representatives or advisor is making any representation to any offeree, applicant or subscriber of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, applicant or subscriber under the laws applicable to such offeree, applicant or 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 authorized to give information, or to make any representation, in connection with the Rights Issue or this Prospectus. If any such information is given or made, it must not be relied upon as having been authorized by the Company or its advisors.

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 authorized. 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.

The Prospectus and the Rights Issue are subject to Norwegian Law. Any dispute arising in respect of or in connection with this Prospectus and the Rights Issue 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. STATEMENTS

1.1 Responsibility for the Prospectus

This Prospectus has been prepared by the Company.

To the best knowledge of the Company, the information contained in this Prospectus is presented in accordance with the facts and contains no omissions likely to affect its import.

1.2 Third party information

In certain Sections of this Prospectus information sourced from third parties has been reproduced. To the best knowledge of the Company, such third party information has been accurately reproduced. As far as the Company is aware, and is 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.

1.3 Forward-looking information

This Prospectus contains forward-looking statements relating to, inter alia, the business, strategy, future timing and conduct of clinical trials, the potential benefits of the Company's product candidate, future operations, future progress and timing of development and commercialization activities, future size and characteristics of the markets that could be addressed by the Company's product candidate, expectations related to the use of proceeds from the Rights Issue, future financial performance and 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, sometimes identified by the words "believes", "expects", "intends", "anticipates", "targets", and similar expressions. The forward-looking statements contained in this Prospectus, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development.

Neither the Company or any of its officers or employees provides 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 our actual results.

2. DESCRIPTION OF THE RIGHTS ISSUE

2.1 Background for the Rights Issue

On May 30, 2018, the Company's Board of Directors approved the initiation of a process to raise further equity through the Rights Issue. The net proceeds from the Rights Issue will be used to finance continued clinical development of the Company's lead drug candidate LTX-315 in clinical trials to be initiated in 2018, and to finance other activities. For further information on the Company's business, see Section 3 "Presentation of the Company and its business".

The Rights Issue is directed towards the Company's existing shareholders as at May 30, 2018.

The completion of the Rights Issue is subject to approval by the Company's shareholders at the annual general meeting, expected to be held on or about June 26, 2018 (the "**AGM**"). Shareholders applying for Offer Shares in the Rights Issue will be required to vote in favor of the Rights Issue at the AGM.

2.2 Time table

The timetable set out below provides key dates for the Rights Issue:

Event	Date
Start of Application Period	June 6, 2018
End of Application Period	June 24, 2018 at 24:00 CET
Allocation of Offer Shares	On or about June 25, 2018
Notification of conditional allocation	On or about June 25, 2018
AGM	On or about June 26, 2018
Payment date for the Offer Shares	On July 2, 2018
Registration of share capital increase	On or about July 4, 2018
Delivery of the Offer Shares in the VPS	On or about July 5, 2018

The above dates are indicative and subject to change.

2.3 Subscription commitment

Several of the Company's existing shareholders have committed to subscribe for Offer Shares in the total amount of NOK 11.4 million in the Rights Issue. These shareholders are Taj Holding AS, 3T Produkter Holding AS, Care Holding AS, Lysnes Invest AS, Hopen Invest AS, Norinnova Invest AS, Mikael Lönn, Maida Vale Capital AB, Mikael Hägg, Paramax Investment Limited, Thomas Borstam, Stefan Strand, Dan Rubinstein, Anders Leideman, Richard Goldman, Dan Höxter, Jimmie Landerman, Kerstin Kullingsjö, Anders Dahlén, Mikael Grönvik, Adel Asseh, Oliver Lippman, Erik Lindbäck, Anders Lindbäck, Rothesay Ltd, Jan Eyvin Wang, Motor Trade Eiendom og Finans AS, Agir AS and Brødrende Karlsen Holding AS.

For further description of the Subscription commitment, see Section 6.7.

2.4 Number of Offer Share to be issued

Up to 4,751,500 Offer Shares will be issued based on the received subscriptions by the Company during the Application Period.

Following the expiry of the Application Period, applicants applying for Offer Shares in the Rights Issue will be notified by the Company of the number of Offer Shares to be issued.

2.5 Following share issues

The proceeds raised from this Rights Issue will not be sufficient to finance the development of the Company and its pipeline through required milestones. The Company will therefore have to raise additional capital in the future. First, during second half of 2018, the Company plans to do a subsequent private placement share issue of up to 5,000,000 new shares (and potentially unsubscribed shares in the Rights Issue) at a share price of NOK 10 or higher to selected investors and certain shareholders of the Company. This is likely to result in a dilution of existing shareholders of the Company, and all shareholders of the Company are therefore invited to participate in the Rights Issue in order to (partly) mitigate such dilution.

2.6 Application Period

The Application Period commences on June 6, 2018 and expires at 24:00 hours CET on June 24, 2018. The Company may at its discretion extend or shorten the Application Period at any time and for any reason, with a short notice. If the Application Period is shortened or extended, the other dates referred to herein may be amended accordingly.

2.7 Application procedures and application offices

Applications for Offer Shares shall be made by correctly completing and signing an application form (the "**Application Form**"), attached hereto as Appendix 1, and delivering the same to the Company within the Application Period at the following address or e-mail:

Lytix Biopharma AS
Gaustadalleén 21
NO-0349 Oslo
E-mail: post@lytixbiopharma.com

The applicant is responsible for the correctness of the information contained in the Application Form. Application Forms received after the end of the Application Period and/or incomplete or incorrectly completed Application Forms may be disregarded at the sole discretion of the Company. The Company is not 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.

There is no minimum amount of Offer Shares for which applications in the Rights Issue must be made.

2.8 Allocation

Allocation of the Offer Shares will be made at the sole discretion of the Company's board of directors (the "**Board**"). However, the Board will seek to repair the dilutive effect of the private placement resolved at an extraordinary general meeting held on April 24, 2018, by giving shareholders of the Company not invited to participate in the private placement allocation priority based on their pro rata shareholding in the Company on April 24, 2018.

In the event of over-subscription, the Board reserves the right at its sole discretion, to reject and/or reduce any orders, in whole or in part, however so that existing shareholders, who did not participate in the private placement, will first be allocated their pro rata portion of the Rights Issue based on their shareholding in the Company as of April 24, 2018. Following such allocation, all applicants in the Rights Issue will be allocated Offer Shares based on criteria such as (but not limited to), existing ownership, timeliness of the application, price leadership, relative order size, sector knowledge, perceived investor quality and investment horizon.

The Company cannot guarantee that allocation of Offer Shares will actually take place.

Allocation of the Offer Shares will take place on or about June 25 2018. Information about conditional allocation and payment instructions will be sent to the applicant on or about June 25, 2018 by way of a notification to be issued by the Company.

2.9 Payment date for the Offer Shares

The total application amount (i.e. the allocated Offer Shares multiplied with the Offer Price) in the Rights Issue, shall be paid by the applicant on the date set forth in the allocation letter.

The payment of the Offer Shares allocated to an applicant falls due on July 2, 2018. Further settlement details will be included in the notification of allocation.

2.10 VPS registration

The Company is incorporated under the laws of Norway and the Company's Shares are registered in book-entry form with the VPS under the securities identification code ISIN NO 0010405780. The Company's VPS registrar is DNB Bank ASA, Dronning Eufemias gate 30,0191 Oslo.

In order to apply for Offer Shares, the applicant must have a VPS account (an account with the VPS). VPS accounts can be established with authorized VPS registrars, which can be Norwegian banks, authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. Establishment of VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

2.11 Delivery of the Offer Shares

The allocated Offer Shares will be delivered to the applicant's VPS account on or about the same date as the registration of the capital increase with the Norwegian Register of Business Enterprises, which is expected to be on or about July 4, 2018. 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.

2.12 Shareholders' rights attached to the Offer Shares

The Offer Shares will be ordinary Shares in the Company, each having a par value of NOK 0.1. The rights attached to the Offer Shares will be the same as those attached to the Company's existing Shares and will rank pari passu with existing Shares in all respects from such time as the share capital increase in connection with the Rights Issue is registered with the Norwegian Register of Business Enterprises.

The holders of the Offer Shares will have a right to dividend from the time the share capital increase is registered with the Norwegian Register of Business Enterprises.

2.13 Selling and transfer restrictions

After the completion of the registration of the Offer Shares in the VPS, there are no general selling or transfer restrictions related to the Offer Shares.

However, no action has or will be taken in any jurisdiction (other than Norway) that would permit the possession or distribution of any documents relating to the Offer Shares or Rights Issue, or, to permit a public offer of the Company's Shares where specific action for that purpose is required. For information on the selling restrictions of the Offer Shares, see the Application Form.

2.14 Advisors

Advokatfirmaet Thommessen AS, Haakon VIIs gate 10, P.O. Box 1484 Vika, 0116 Oslo, Norway, is acting as legal advisor to the Company.

Agir AS, Forhåpningen 35, P.O. Box 1288, 9263 Tromsø, Norway, has acted solely as a consultant for the Company and has not provided regulated financial services, including the placement of Offer Shares. Agir has no license to provide regulated financial services.

3. PRESENTATION OF THE COMPANY AND ITS BUSINESS

3.1 About Lytix Biopharma AS

Lytix Biopharma is a clinical stage pharmaceutical company developing novel cancer immunotherapies, a new area within cancer therapy that is aimed at activating the patient's immune system to fight cancer.

Immunotherapy activates the body's own immune system to recognize and kill the cancer cells in the body, and it represents a paradigm shift in cancer therapy. 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 cold[1] immune suppressed tumors.

Lytix' lead product candidate, LTX-315, is a first-in-class oncolytic peptide that rapidly disrupts the cancer cells causing an immunogenic cell death with release of the patients' unique antigens. This creates a broad and personal immune response and leads to a reshaping of the tumor microenvironment turning cold tumors hot. As such, LTX-315 triggers the immune system to recognize, infiltrate and attack the cancer cells.

The Company believes that LTX-315 can be the missing link in the treatment of solid tumors, addressing the heterogeneity in the tumor and creating a polyclonal T cell response, and that LTX-315 could be the backbone in combination treatment of a majority of solid tumors.

Lytix' technology platform is based on chemically optimized molecules generated from "host defense peptides" and consists of peptides and small molecules that are able to kill cancer cells in such a way that the immune system becomes activated (through immunogenic cell death). The technology is developed over 25 years of world class research. LTX-315 is designed for treatment of superficial solid tumors like melanoma, breast cancer, sarcoma, head and neck, etc. Lytix' pipeline also includes molecules that could be used for treatment of deep-seated tumors with a high unmet need and a high market potential (e.g. liver cancer).

The Company's legal and commercial name is Lytix Biopharma AS. The Company has its registered address at Sykehusvegen 23, NO-9019 Tromsø and its office address at Gaustadalleén 21, NO-0349 Oslo with telephone number +47 77 67 55 00. Lytix was incorporated on 1 July 2003 and is a Norwegian private limited liability company (*Norwegian: aksjeselskap (AS)*) incorporated under the laws of Norway with the business registration number 985 889 635.

3.2 Overview of the Company's business areas

3.2.1 Lytix' key indications

As a novel immunotherapy, following guidelines and regulations set out by health authorities, LTX-315 must be tested and documented in patients within advanced and metastatic stages of disease. This means the product is tested in patients with high tumor burden (both the local primary tumors and the distant spread in the body of metastases), who are progressing in their disease despite having been treated with several types of treatment. However, once proven effective in late stage disease, future earlier stages of disease can be targeted. Key indications at this stage are: malignant melanoma, triple negative breast cancer, soft tissue sarcoma, and head and neck cancer. For consistency, the addressable numbers of patients described below are given as incidence in the U.S. only, unless otherwise stated.

Malignant melanoma (advanced/metastatic)

Malignant melanoma, or skin cancer, occurs at all ages, but is rare in children. The average age of diagnosis is 55 years for both women and men. Malignant melanoma is divided into different stages based on tumor thickness, whether the cancer cells have spread to lymph nodes, and if there are metastases in other parts of the body[1]. Malignant melanoma in stages III and IV is commonly referred to as metastatic malignant melanoma, and at that point the cancer has spread to other organs, such as lymph nodes, lungs, brain, liver or bone. Previously, patients with metastatic malignant melanoma were treated with standard chemotherapy. Immune checkpoint inhibitors have proven effective and are now indicated for the treatment of patients with unresectable or metastatic melanoma[2]

- Incidence: 30,489.[3]
- 5-year survival: 18 percent.[4]
- Response rate to immuno-oncology: 10–40 percent with monotherapy to 60 percent with checkpoint inhibitor combinations.
- Current treatment: checkpoint inhibitors (anti-CTLA-4 and anti-PD-1) as monotherapy or in combination.
- The overall melanoma market reached USD 3.3 billion in 2016 and is estimated to reach USD 5.5 billion by 2026.[5]

Triple negative breast cancer (advanced/metastatic)

Triple negative breast cancer is a subtype within the breast cancer group, in which three important biomarkers that allow for biomarker targeted therapies are not expressed. Around 10–20 percent[6] of all breast cancer incidence are estimated to

[1] Cancerfonden.se.
[2] Cancerfonden.se.
[3] ACS: ''Cancer facts and figures''. Atlanta: American Cancer Society 2017.
[4] ACS: "Cancer facts and figures". Atlanta: American Cancer Society 2017.
[5] Global Data, Melanoma – Global Drug Forecast and Market Analysis to 2026, 2017.
[6] ACS: ''Breast Cancer facts & figures''Atlanta: American Cancer Society, 2017; Nanda R et al.: Pembrolizumab in advanced TNBC: Phase 1b KEYNOTE-012 Study JCO, 2016.

be of triple negative type. It is a cancer subtype that is difficult to treat due to the lack of available biomarker targets and therapies, thereby representing a high unmet medical need. It is considered the most immunogenic subtype within the breast cancer group and thus of high interest for immunotherapies.

- Incidence: 39,000[7] (115,999 in eight major markets[8]).[9]
- 5 year survival: 26 percent.[10]
- Response rate to immuno-oncology: 5–18 percent[11] with monotherapy.
- Current treatment: chemotherapy. Response rates of 20–60 percent with median progression free survival rates of three to seven months.[12]
- The overall breast cancer market reached USD 5.4 billion in 2015 and is estimated to reach USD 10.5 billion by 2025.[13]

Soft tissue sarcoma (advanced/metastatic)

Soft tissue sarcoma is a group composed of many subtypes. 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. The cancer form predominantly affects adults, with a median age of 65 years among patients. 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.[14]

- Incidence: 1,857–3,717.[15]
- 5 year survival: 16 percent.[16]
- Response rate to immuno-oncology: 8–18 percent.[17]
- Current treatment: first line doxorubicin plus olaratumab with response rate of 18 percent and a median overall survival of 26.5 months.[18] Second line treatments have limited efficacies with response rates of five to ten percent and median overall survivals of 10–14 months.[19]

Head and neck cancer

Head and neck cancer is a group composed of several subtypes defined by different anatomical localizations and/or receptor expression. On average, twice as many men compared to women suffer from the cancer type, however, this ratio differs a lot between different sub-groups of the cancer.[20]

- Incidence: 63,030.[21]
- 5 year survival: 20–30 percent.[22]
- Response rate to immuno-oncology: 13–18 percent.[23]
- Current treatment: first line platinum-based chemotherapy with or without cetuximab[24], and second line checkpoint inhibitors (nivolumab or pembrolizumab) with a response rate of 13-16 percent and median overall survival of 7.7 months.[25]
- The overall head and neck market reached USD 386 million in 2014 and is estimated to reach USD 1.5 billion by 2024.[26]

3.2.2 The need for cancer treatment

Cancer results from the uncontrolled growth of mutated cells due to DNA damage. Theoretically, tumor growth can occur in any organ in the body and can spread to other organs giving the patient a poor prognosis.

Every year, approximately 14 million people worldwide are diagnosed with cancer. This number is expected to increase by

[7] Cancer.net 2017: http://www.cancer.net/cancer-types/breast-cancer-metastatic/statistics.
[8] Eight major markets refers to the US, France, Germany, Italy, Spain, the UK, Japan and China.
[9] Global Data, HER2-Negative/HR+ and Triple Negative Breast Cancer – Global Drug Forecast and Market Analysis to 2025, 2015.
[10] Cancer.net 2017: http://www.cancer.net/cancer-types/breast-cancer-metastatic/statistics.
[11] Dirix LY et al.: A Phase 1b JAVELIN solid tumor trial SABC symposium 2015; Abstract S1-04; Nanda R et al: Pembrolizumab in advanced TNBC: Phase 1b KEYNOTE-012 Study, JCO, 2016.
[12] Anders C et al. Biology, metastatic patterns, and treatment of patients with TNBC. Clin Breast Cancer 2009; 9 (Suppl2): S73-81.
[13] Global Data, HER2-Negative/HR+ and Triple Negative Breast Cancer – Global Drug Forecast and Market Analysis to 2025, 2015.
[14] Tumor section, Skåne University Hospital, Lund.
[15] Cancer.net/cancer-types/sarcoma-soft-tissue/statistics.
[16] Cancer.net/cancer-types/sarcoma-soft-tissue/statistics.
[17] Burgess M et al. Pembrolizumab in Sarcoma, ASCO abstract 11008, 2017; Paoluzzi et al. Clin Sarcoma Res (2016) 6:24.
[18] Tap W et al. Olaratumab and doxorubicin versus doxorubicin alone for treatment of soft tissue sarcoma; an open label phase 1b and randomised phase 2 trial. Lancet 2016; 388:488-97.
[19] Tap W et al. Olaratumab and doxorubicin versus doxorubicin alone for treatment of soft tissue sarcoma; an open label phase 1b and randomised phase 2 trial. Lancet 2016; 388:488-97.
[20] Cancercentrum.se/samverkan/.
[21] Pulte D et al. Changes in Survival in Head and Neck Cancers in the Late 20th and Early 21st Century: A Period Analysis Survival in H&N, Oncologist, 2010.
[22] Pulte D et al. Changes in Survival in Head and Neck Cancers in the Late 20th and Early 21st Century: A Period Analysis Survival in H&N, Oncologist, 2010.
[23] Seiwart T et al. Pembrolizumab in recurrent metastatic Head &Neck cancer (KEYNOTE-012) Lancet Oncology, 2016; Ferris RL et al. Nivolumab for Recurrent Squamous-Cell Carcinoma of the Head and Neck, NEJM, 2016.
[24] Burtness B. et al. A phase III randomized trial of cisplatin plus placebo compared with cisplatin plus cetuximab in advanced/metastatic recurrent head and neck cancer. An Eastern Cooperative Oncology Group study. JCO 23(34) 2005.
[25] Seiwart T et al. Pembrolizumab in recurrent metastatic Head & Neck cancer (KEYNOTE-012) Lancet Oncology, 2016; Ferris RL et al. Nivolumab for Recurrent Squamous-Cell Carcinoma of the Head and Neck, NEJM, 2016.
[26] Global Data, Head and Neck Squamous Cell Carcinoma – Opportunity Analysis and Forecast to 2024.

70 percent over the next two decades, meaning 22 million people will be diagnosed with cancer each year.[27]

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.

24 percent of the cancer cases worldwide occur in Europe, 13 percent in North America and approximately 50 percent of the cancer cases in the world appear in Asia.[28] The most common cancer types are breast, prostate, colorectal and lung cancer.

Global incidence and mortality rates

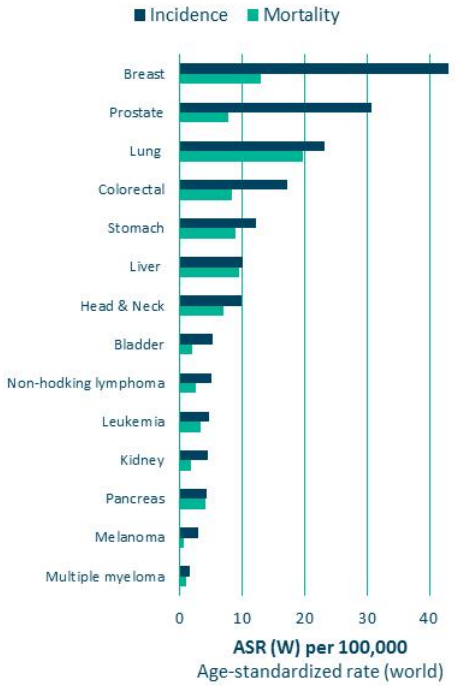


Figure 1. Source: Globocan, 2012

The incidence is about 182 individuals per 100,000 and is highest in high-income countries in North America and Western Europe as well as Japan, Korea, Australia and New Zealand.[29]

Cancer is one of the leading causes of morbidity (disease or complications of disease) and mortality (death) worldwide. It is estimated that 8.2 million people die of cancer annually; nearly one in six deaths globally is due to cancer.[30]

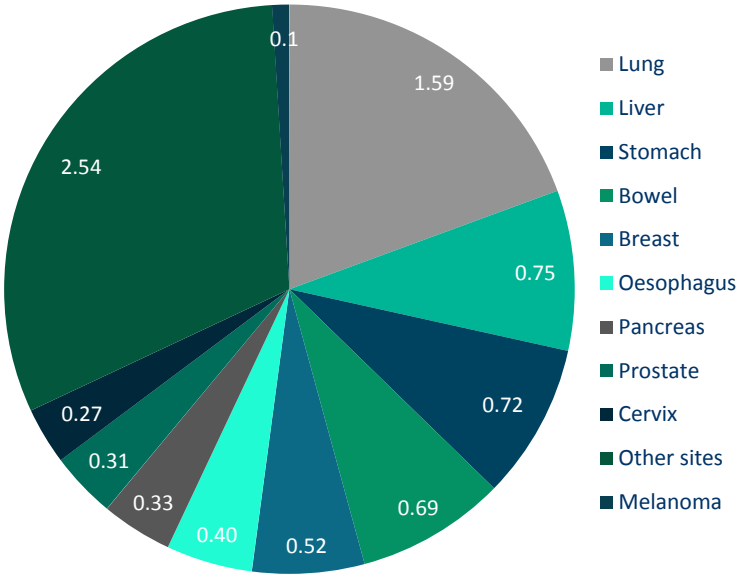


Figure 2. Source: Cancer Research UK

[27] World Cancer Report 2014, WHO.
[28] World Cancer Report 2014, WHO.
[29] World Cancer Report 2014, WHO.
[30] Cancer Research UK.

3.2.3 Treatment of cancer

The ultimate goal of cancer treatment is curation, which is defined as permanent eradication of all cancer cells.

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.

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 when the cancer is diagnosed at a late stage (metastatic disease) and the local primary tumor may have spread to the liver, lungs, bones and other body parts (metastasis).

Radiotherapy uses 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 uses 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. The treated cancer cells may also develop resistance to targeted therapies rendering these treatments less effective.

Immunotherapy activates the patient's immune system to recognize and attack cancer cells. Following the introduction of immune checkpoint inhibitors, immunotherapy represents a paradigm shift in the treatment of cancer. Some types of immunotherapy boost the immune system in a general way, whereas others activate specific elements of the immune system. Response to immunotherapy varies between cancer types, and anticancer efficacy can be improved when combined with other treatments.

3.2.4 Treatment of cancer by immunotherapy

Introduction to cancer immunotherapy

Immunotherapy activates the body’s own immune system to recognize and kill the cancer cells, and represents a paradigm shift in cancer therapy. 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 cold[1] immune suppressed tumors.

The basic function of the immune system is to protect the body against foreign threats like micro-organisms such as bacteria and viruses, and also cancer cells. However, there are two main reasons why the immune system may not attack the cancer:

1. Cancer cells are too similar to normal cells (low mutational load) and remain unrecognized by the immune system
2. Cancer cells may develop mechanisms to protect against the immune system by suppressing the immune system.

Cancer immunotherapy can increase the immune activity either by direct activation of the immune cells, or by reducing the suppressive signals controlling the immune cells. Immunotherapy modifies the immune system and helps to recognize the cancer cells and activate directed killing of the cancer.

Another benefit with immunotherapy is that it may stimulate the immune system to develop tumor specific immune memory. This serves as a protection against recurrence of the cancer. Cancer immunotherapy has become the main focus area for several leading pharmaceutical companies and is expected to play an even more important role in future cancer treatment.

Immunotherapy has also the potential to address the heterogeneity of cancer that is difficult to treat with current common standard therapies. Tumor heterogeneity means that different tumor cells can display distinct genetic and phenotypical profiles. The degree of heterogeneity can vary within a tumor, between tumor lesions in the same patient and tumors of same type but in separate patients. The heterogeneity of the tumor cells introduces significant challenges when it comes to choice of treatment strategies.

Heterogenic tumor cells may exhibit different sensitivity to conventional therapy (i.e. chemotherapy and radiation) and resistance to therapy may evolve during treatment and finally result in a relapse of an aggressive tumor.

Agents that can effectively release tumor antigens from all tumor cell phenotypes are critical to generate an effective T cell response that will target all phenotypes present in a treated tumor.

In order to achieve efficient killing of cancer cells by the immune system, several events must occur step by step. Chen and Mellman have developed the Cancer Immunity Cycle to describe these critical events.[31] The cycle is made up of seven separate steps:

[31] (Chen and Mellman, Immunity 2013).

CANCER IMMUNITY CYCLE

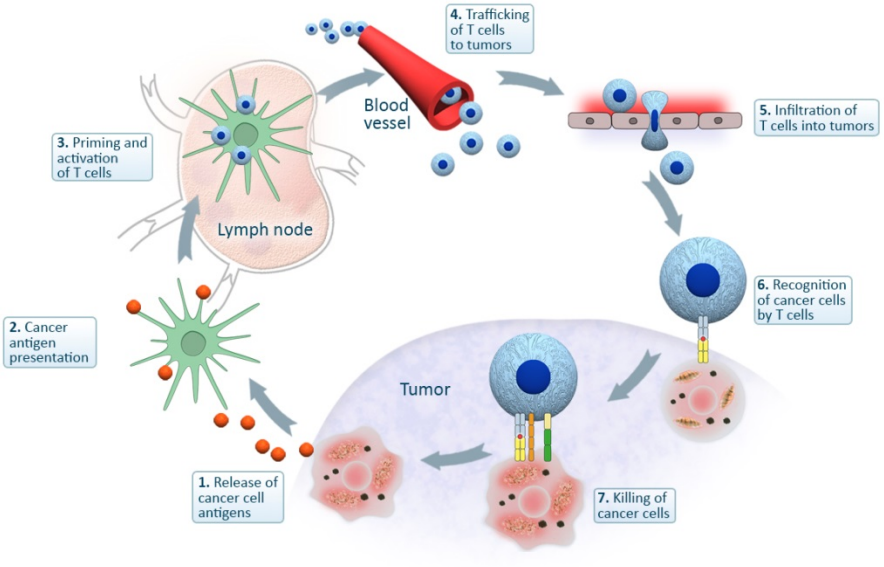


Figure 3. The Cancer-Immunity Cycle (by Chen and Mellmann, Immunity, 2013). The tumor immunity cycle is divided into seven major steps, starting with the release of antigens from the cancer cell and ending with the killing of cancer cells.

- **Step 1:** Tumor antigens and danger signals are released from the cancer cells.
- **Step 2:** The tumor antigens are presented to specialized antigen presenting cells, such as dendritic cells ("**DCs**").
- **Step 3:** The DCs migrate from the tumor to the lymph nodes and present the tumor antigens for the T cells (the immune cells which attack the cancer cells). This leads to priming and activation of the T cells towards the tumor antigens.
- **Step 4:** Activated T cells migrate to the tumor sites through the blood vessels.
- **Step 5:** The T cells infiltrate the tumor.
- **Step 6:** The tumor infiltrated T cells will recognize tumor cells expressing the tumor antigens presented to them by the DCs in step 3.
- **Step 7:** Finally, the T cells will kill the tumor cells based on tumor antigen recognition. When the tumor cells are killed tumor antigens will be released resulting in a restart from step 1 again and a subsequent revolution of the cycle.

There are several reasons why the cancer-immunity cycle does not perform optimally in cancer patients. The tumor antigens may not be properly exposed to, or recognized by, the dendritic cells. There may be suppressive mechanisms in the lymph nodes that hinder T cells from being activated by the tumor antigens which the dendritic cells bring to the lymph nodes. The T cells may also be hindered in infiltrating the tumors due to biophysical barriers (tumors are often encapsulated, which hinders the infiltration of T cells). If infiltration occurs, the T cells may be suppressed by local factors within the tumor. Therefore, future cancer immunotherapies should aim to selectively target the rate-limiting steps (i.e. factors that inhibit any of the steps in the tumor immunity cycle summarized above) in any given patient, which may demand different treatments with different combinations in different subsets of cancer patients.

Types of cancer immunotherapies

The immune-therapy landscape is evolving rapidly with established, and new, approaches and treatment targets. The main immune-therapies are described below.

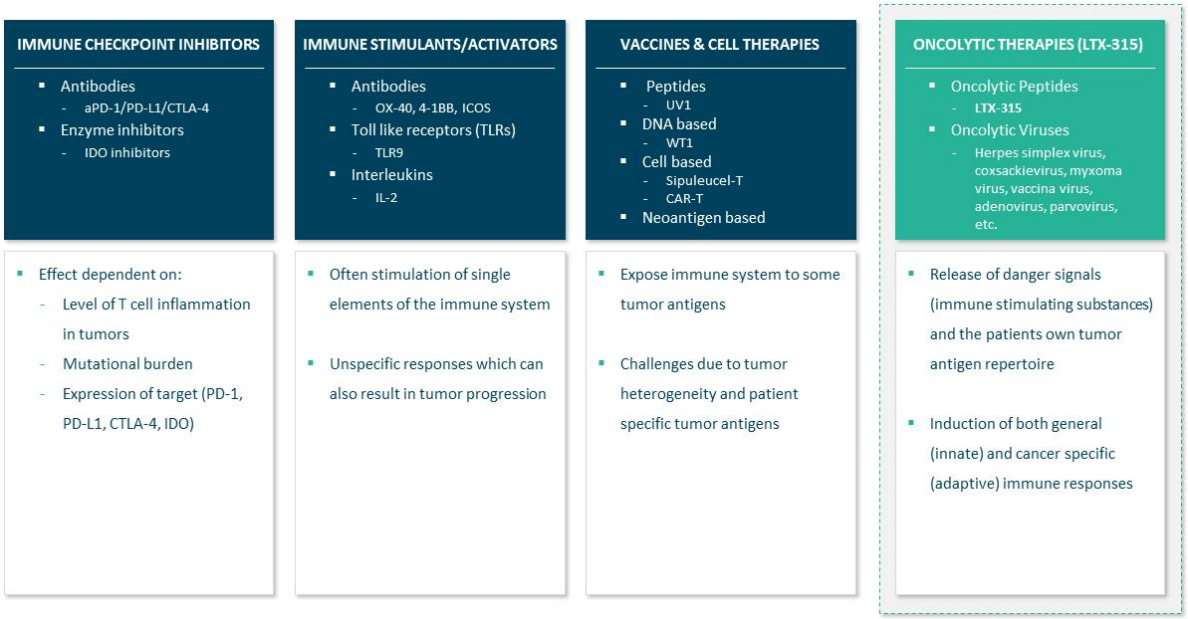


Figure 4. Different types of immunotherapies

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

Immunostimulants are molecules that stimulate the immune system to boost general activity rather than boosting specific activity against specific targets on cancer cells. By understanding how different immune stimulants can activate immune cells by targeting specific receptors expressed on specific subsets of immune cells enables the development of more effective immunotherapies and combinations of these agents. Several immune stimulants are already in clinical use to treat patients with cancer, and several clinical trials are ongoing to combine immune stimulants with immune checkpoint inhibitors.

Vaccines and Cell therapies

Cancer vaccines either treat existing cancer (therapeutic vaccine) or prevent development of a 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 recognize and attack cancer cells. Oncolytic therapies are most commonly administered locally into the tumor. Oncolytic viruses and oncolytic peptides are both oncolytic therapies.

LTX-315 is a first-in-class oncolytic peptide that is injected into the tumor (intratumoral). LTX-315 targets mitochondria and other intracellular organelles and kills the cancer cells through the process called lysis. LTX-315's unique ability to attack the mitochondria and induce rapid lysis results in immunogenic cell death with an effective release of potent immune stimulants and tumor antigens, which cause and result in a reshaping of the tumor microenvironment with inflammation and enhanced infiltration of T cells into the tumor. Through the "release and reshape" effect of LTX-315, the immune system recognizes the tumor antigens and triggers an increased infiltration of T cells into the tumor that enables an attack on the cancer cells. In monotherapy, LTX-315 has increased infiltration of CD8+ T cells in 81 percent of patients (18 of 22 evaluable patients). LTX-315 has a strong ability to turn cold tumors hot, and may increase the efficacy of other immunotherapies. The enhanced infiltration of immune cells sensitizes the tumors for other types of therapies, opening for a variety of combination treatments. LTX-315 is a small peptide and will not have the regulatory, manufacturing and logistic challenges of the oncolytic viruses.

3.2.5 Cancer immunotherapy market

Sales of cancer drugs have seen a tremendous growth during the last six years and have now surpassed the sales of cardiovascular drugs. There are several drivers behind this increase, primarily the introduction of novel innovative premium priced agents, longer duration of therapies, use of combination therapies and the possibility for patients to receive multiple lines of therapies. In 2016, the global sales were USD 92 billion with a growth of more than 14 percent compared to 2015. Compared to 2011, sales have increased by USD 32 billion, (average annual growth of 10.5 percent).[32] Since 2011, 68 new drugs have been approved for 22 indications (cancer types), including immuno-oncology agents that have significantly changed the treatment paradigm (approach to treatment) in many of the cancers.[33] Future oncology sales growth is expected to be in the range of six to nine percent annually, up until 2021, when global oncology sales will exceed USD 147 billion despite patent expirations and biosimilar (generic copies of biological drugs) competition contributing to lower costs.[34]

The market for immunotherapy

The introduction of checkpoint inhibitors to the market has been a paradigm shift in the treatment of cancer with a significant uptake of sales as more drugs and indications have been approved. Before the introduction of checkpoint inhibitors in 2011, the immunotherapy market consisted only of the dendritic cell vaccine sipuleucel-T (Provenge®) as well as older immune stimulators such as interferons and interleukin compounds with sales of circa USD 500 million. Today, checkpoint inhibitors make up almost the entire market.[35]

Global sales for checkpoint inhibitors

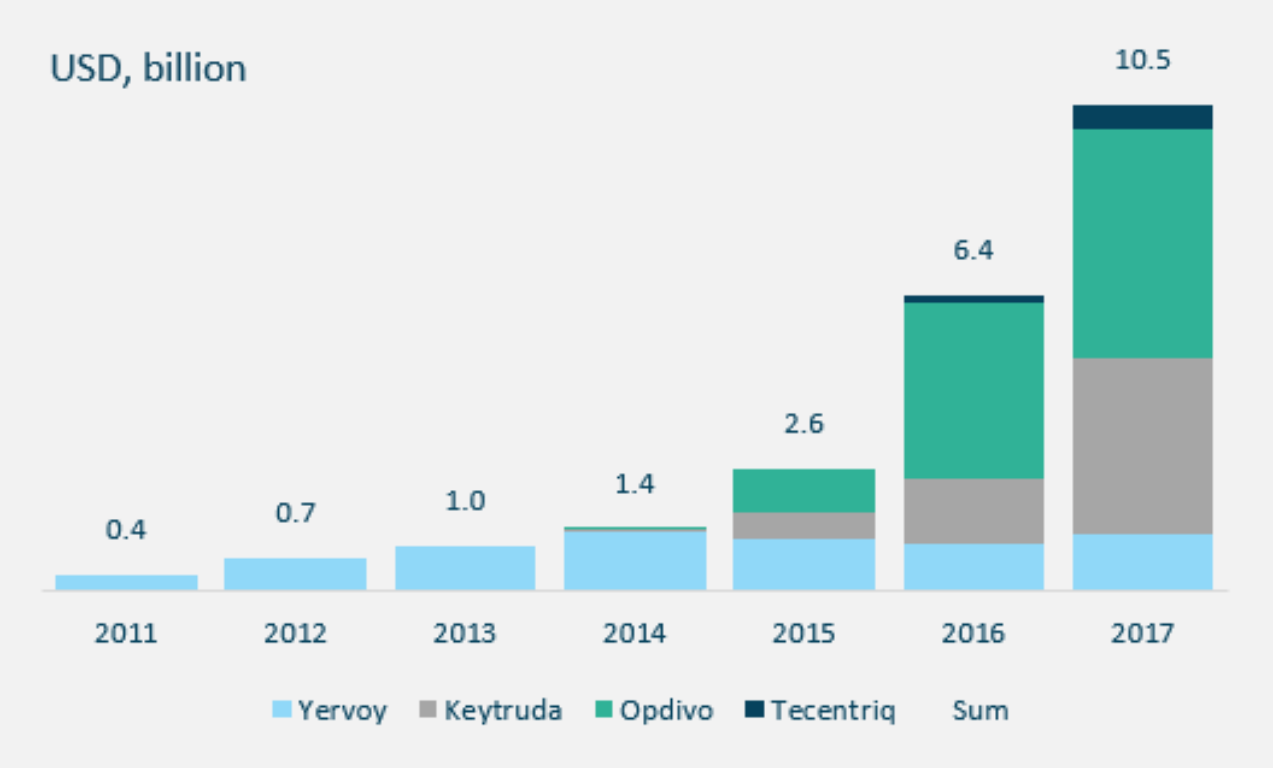


Figure 5. Source: Global Data

In fact, the checkpoint inhibitors are now considered the backbone of many future standard cancer treatments and the sales estimates have been repeatedly revised upwards. Current estimates point to sales of more than USD 50 billion by 2025.[36]

Sales estimates of Checkpoint inhibitors 2025

Figure 6. Source: Jefferies, Immuno-Oncology 2025, 2015

[32] Global Data.
[33] QuintilesIMS Oncology Trend Report, 2017.
[34] QuintilesIMS Oncology Trend Report, 2017.
[35] Global Data.
[36] Jefferies, Immuno-Oncology 2025, 2015.

Agonistic antibody based products are in clinical development and not yet approved (available).

Recent developments within the area of immunotherapy

Immunotherapy is a very active area of cancer research. Many cancer research institutes, biotechnological and pharmaceutical companies around the world are studying new ways to use immunotherapy to treat cancer. New molecular targets are being discovered and drugs are developed against those targets.

During the last two years there has been an increased focus on developing rational combination products that can turn cold tumors hot and more responsive to simultaneous treatment with checkpoint inhibitors.

3.3 Lytix' technology platform

Lytix' technology platform consists of peptides[37] and small molecules[38] that are able to kill cancer cells in such a way that the immune system becomes activated (immunogenic cell death) and recognizes the patient's personal tumor antigens. Their unique mode of action makes them ideal for converting cancers that are immunologically cold to immunologically hot, and as a result, more responsive to immunotherapies. Since these compounds kill cancer cells by disrupting their cell wall, they are called oncolytic compounds. Lytix' oncolytic compounds have been generated from an optimization 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. They play an important role in the first line of defense against bacteria, and consequently, a number of naturally occurring and synthetic analogues have been evaluated in clinical trials as potential future antibiotics.

Host defense peptides do also demonstrate cytotoxic activity against cancer. Electrostatic interactions between negatively charged membrane components of bacteria and cancer cell membranes and host defense peptides play a critical role in the killing of bacteria and cancer cells.39 Bovine lactoferricin ("**LFcinB**") is a well-studied host defense peptide that displays anticancer properties and is composed of 25 amino acids.

3.3.1 LTX-315 – Oncolytic Peptide

The lead compound LTX-315 is developed from bovine lactoferricin and the structure is shown in Figure 7 below. Through extensive structure-activity studies of LFcinB, a number of structural elements critical for its anticancer activity were identified (such as amphipathic structure, nature, size and positioning of aromatic amino acids[40]). By optimizing the critical structural elements, as well as deleting counterproductive elements, shorter peptides with high anticancer activity were constructed. This process resulted in a series of peptides composed of five positively charged amino acids (lysin), two or three lipohilic amino acids (tryptophan) and one or two bulky and lipophilic non-genetically coded amino acids (Dip). These chemically modified 9-mer peptides were found to be highly effective against both drug-resistant and drug-sensitive cancer cells, and displayed a lower activity toward normal cells.[41] One of the 9-mer peptides developed, LTX 315 (Figure 7), displayed a unique activity compared to the other peptides and showed promising anticancer activity in preclinical tumor models.[42] Based on these studies LTX-315 was selected as Lytix' first product candidate.

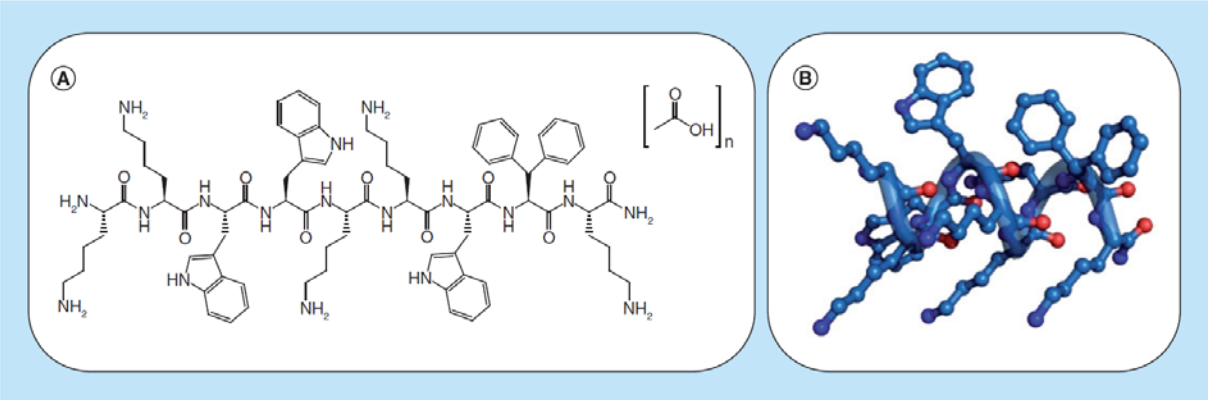


Figure 7. Structure of LTX-315. A) Amino acid sequence of LTX-315 consisting of five lysine, three tryptophans and one bulky noncoded amino acid (Dip). (B) Three dimensional presentation of an idealized conformation of LTX-315 with all the positively charged lysines are located on one side and the lipohilic tryptophans and Dip on the other side of the peptide backbone (courtesy of Ulli Rothweiller, UIT).

In collaboration with the University of Tromsø, a series of small molecules were designed to confirm the pharmacophore43 of short cationic host defense peptides. Some of these small molecules were found to display anticancer activity, were β2, 2-amino acid derivatives were showing profound anticancer activity. Based on screening against cancer cell lines at the National Cancer Institute and anticancer activity in preclinical models, the di-substituted β-amino acid LTX-401 was included in Lytix' development program.

[37] Peptide: a compound consisting of two or more amino acids linked in a chain.
[38] Small molecule: a low molecular weight (< 900 daltons) organic compound.
[39] Riedl et al, Chem. Phys. Lipids, 2011.
[40] Rekdal et al, J. Biol.Chem., 2012.
[41] Haug et al, J. Med. Chem., 2016.
[42] Camilio et al, Cancer Immunol. Immonother., 2014.
[43] Pharmacophore: an abstract description of molecular elements that are necessary for biological activity.

3.3.2 LTX-315 – Oncolytic Peptide Immunotherapy

Lytix' product candidate, LTX-315, is a first-in-class oncolytic peptide that is developed for intratumoral treatment, meaning that it is administered by injecting it directly into the tumor. LTX-315 dismantles (lyse) cancer cells in a unique way by lysing the membranes and targeting mitochondria and intracellular organelles. This results in a rapid and powerful immunogenic cell death with release of the heterogenic antigen repertoire in the tumor. This induces a cascade in the immune system where professional antigen presenting cells recognize tumor antigens and prime T cells, resulting in polyclonal T cells that infiltrate the tumor and attack the cancer cells. In this way, LTX-315 creates a broad and personal immune response, opening for a variety of combination treatments including combinations with FDA-approved checkpoint inhibitors.

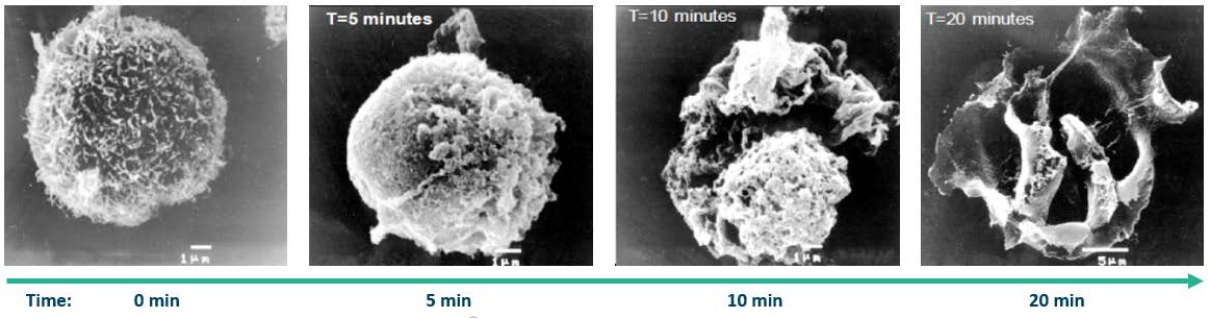


Figure 8. Rapid and direct lysis of cancer cells.

The Company believes that LTX-315 can be the missing link in treatment of solid tumors, addressing the heterogeneity in the tumor and creating a polyclonal T cell response. LTX-315 turns tumors that are immunologically cold, and not responsive to immunotherapy, to hot and thus susceptible to immune checkpoint inhibitors and other therapies such as chemotherapy. LTX-315 could therefore be the backbone of treatment of the majority of solid tumors. LTX-315 has the potential to be used across several cancer indications, in various stages of cancer (early versus advanced) or in combination with or after current standard of care therapy, primarily in combination with other immune therapies like checkpoint inhibitors or with chemotherapies. The multi-drug combinations show growing interest within cancer immunotherapy, and Ira Mellman has stated: "Because the immune system is so tightly regulated, an individual drug may achieve a necessary step toward the task of activating the immune system that by itself, however, is not sufficient."

LTX-315 is injected locally into a specific tumor. The local treatment with LTX-315 results in a systemic anticancer response. One of the main advantages of local therapy is that systemic side effects are much less likely to occur compared to systemic treatments, i.e. by intravenous or oral administration.

The unique membranolytic mode of action of LTX-315 leads to the release of potent immune stimulants and the patient's personal tumor antigens. These potent immunostimulants recruit and activate specialized antigen presenting cells that subsequently present the tumor antigens to T cells, and this reaction ensures a personal immune response. The antigen presentation results in activation of T cells that enter into circulation and infiltrate the tumor sites.

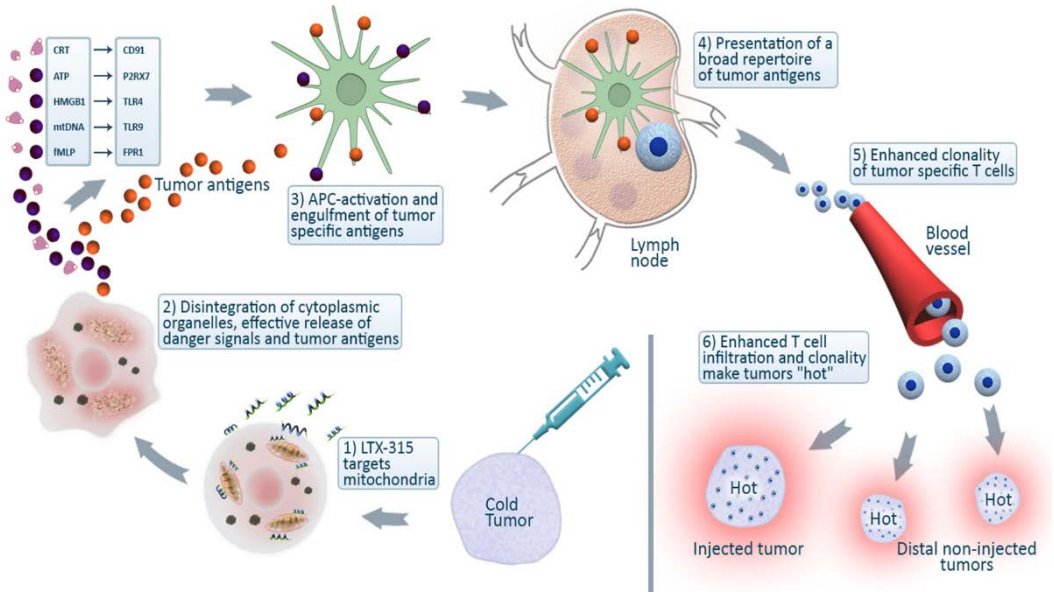


Figure 9. (1) Following local administration of the tumor with LTX-315, the oncolytic peptide is internalized and targets the mitochondria. (2) This event is followed by disintegration of other intracellular compartments resulting in release of danger signals and tumor antigens. (3) The danger signals activate different types of immune cells including antigen presenting cells (APC activation). The activated antigen specific cells engulf the released tumor antigens (4) and migrate to the lymph node for antigen presentation for T cells. (5) Since a number of tumor antigens are released, a diversity of T cell clones recognizing different tumor antigens will be generated. (6) The different T cell clones will then migrate into circulation and infiltrate tumors, making the tumor microenvironment T cell inflamed (hot).

Emerging data indicate a correlation between pre-existing T cell content in the tumor microenvironment, particularly the cytotoxic T cells, and clinical response to immunotherapy. Thus, patients with tumors which lack immune T cell infiltration,

so-called cold tumors, require certain therapeutic interventions to restore T cell entry, which enables responsiveness to immunotherapy.

The ability of LTX-315 to increase T cell infiltration both in number and diversity indicates that LTX-315 has a potential to reshape the tumor microenvironment to be more T cell inflamed (hot) and hence, more responsive to immunotherapies, including immune checkpoint inhibitors (i.e. anti-CTLA-4/anti-PD-1/PD-L1).

LTX-315's ability to induce complete regression of tumors and long term protective immune responses is due to its unique mode of action. LTX-315 kills the cancer cells resulting in a release of potent immune stimulants in addition to a wide spectrum of tumor antigens, thus creating an essential premise for tumor-specific immune responses. More specifically, LTX-315 disintegrates intracellular compartments in the cancer cells with a subsequent release of potent immunostimulants called damage-associated molecular patterns ("**DAMP**") (Figure 10) in addition to a broad repertoire of tumor antigens, including neo-antigens[44]. This results in an increase in tumor infiltrating T cells, both in number and diversity (shown by sequencing the T cell receptors that recognize the tumor antigens). The treatment with LTX-315 also reshapes the tumor microenvironment by decreasing the local abundance of immune cells that have a suppressive effect on the immune system (regulatory T cells and myeloid derived suppressor cells).[45]

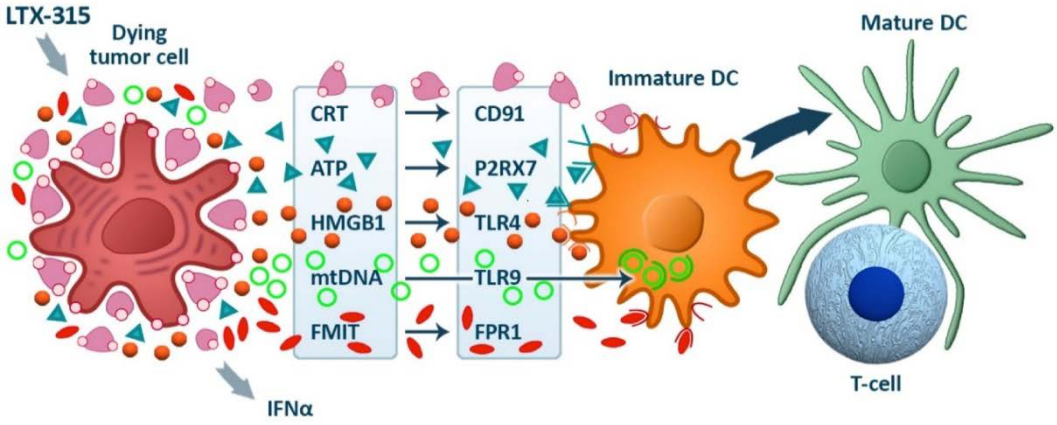


Figure 10. LTX-315 induces immunogenic cell death in cancer cells. When treated with LTX-315, dying cancer cells release immune stimulants (DAMP, damage-associated molecular patterns) such as calreticulin, ATP, HMGB1, mitochondria-derived DNA (mtDNA) and formyl peptides (FMIT). DAMPs bind to specific receptors on antigen-presenting cells such as dendritic cells (DC) with subsequent presentation of the antigens to T cells and execution of effective immune response. DAMP: Damage-associated molecular patterns; FMIT: Mitochondrial N-formyl peptide; mtDNA: mitochondrial DNA; FPR1: formyl peptide receptor1; CRT: calreticulin; TLR: Toll-like receptor. Source: Sveinbjörnsson et al, Future Med.Chem 2017

3.3.3 Second generation oncolytic molecule LTX-401

LTX-401 is a follower drug candidate and may have a great potential in the treatment of deep-seated tumors such as hepatocellular carcinoma and liver metastases.[46,47] It is a small oncolytic molecule with potent antitumor activity (Figure 11). In several experimental animal models, LTX-401 induces complete regression after intratumoral injection with a subsequent development of a systemic immune protection in cured animals. Strong anticancer activity has been demonstrated in liver cancer models (hepatocellular carcinoma).

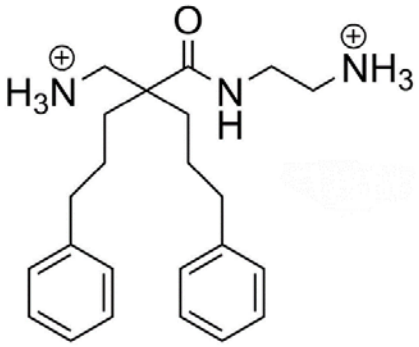


Figure 11. Chemical structure of the small amphipathic β (2.2)-amino acid-derived antitumor molecule LTX-401 (MW=367.53).

The molecule has a net positive charge and an amphipathic conformation. LTX-401 was generated based on structure-activity-relationship (SAR) studies on short cationic peptides, discovering that the introduction of large lipophilic groups and the coupling of two aromatic side chains compensated for the length of the peptide, without losing antitumor activity.

The treatment of tumor cells with LTX-401 leads to an immunogenic cell death involving disintegration of intracellular compartments such as the Golgi apparatus and mitochondria with a subsequent release of DAMPs such as ATP, HMGB1 and calreticulin. LTX-401 has a favorable safety profile and may be dosed at higher levels, suitable for indications in deep-

[44] Eike et al, Oncotarget, 2015, Zhou et al, Oncotarget 2016.
[45] Yamazaki et al, Cell Death and Differentiation, 2016.
[46] Eike et al, PLoS One 2016.
[47] Zhou et al, Cell Death. Diff., 2016.

seated tumors.

3.4 Preclinical data

Completed and ongoing preclinical studies

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[48]. The studies have also confirmed that LTX-315 increases the number of tumor-infiltrating T cells in the tumor microenvironment. In collaboration with Mikael Pittet at Massachusetts General Hospital and Harvard, LTX-315's ability to enhance infiltration T cells and induce tumor regression has been demonstrated in genetic mouse models that resist conventional chemo- and immunotherapeutic treatment. LTX-315 induces immunogenic cell death through its membranolytic mode of action targeting mitochondria and other intracellular organelles, leading to the release of potent immunostimulants in addition to a wide spectrum of tumor antigens, thus creating an essential premise for tumor-specific immune responses.

LTX-315 has also been demonstrated to induce systemic effects, i.e. an effect in non-injected tumors in a three-tumor sarcoma rat model mimicking a metastatic cancer model.[49] In this model, only one of the three established tumors was treated with LTX-315. The results showed that both the treated lesion and the non-treated tumors were eliminated. The non-treated tumors were heavily infiltrated with T cells, consequently indicating a strong and immediate systemic effect following the local therapy with LTX-315.

Long-term protective immune responses were further demonstrated as previously cured animals were protected against re-challenge with sarcoma cells 14 months after treatment. In addition, protective immunity against tumor growth was obtained when splenocytes, immune cells from the spleen, were transferred from cured animals to non-treated, irradiated naive recipients. Moreover, this transferred protective immunity was tumor-specific, preventing the tumor formation of sarcoma cells but no other tumor types as leukemia after subcutaneous inoculation. In a melanoma model, animals were cured by LTX-315 treatment. When these cured animals were re-challenged with melanoma cells, a systemic protection against tumor formation was demonstrated both in the skin and in the lung.[50]

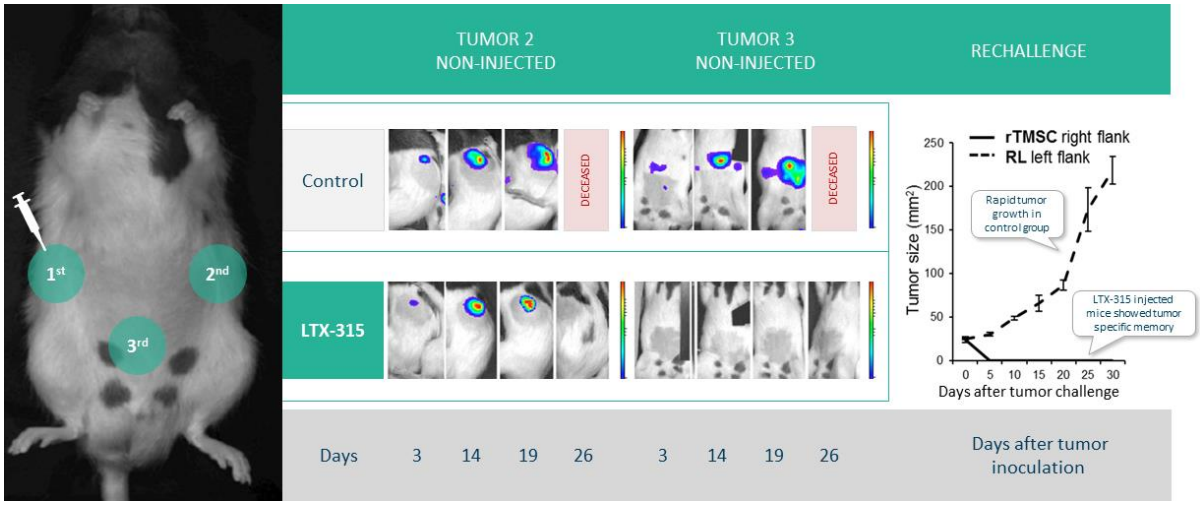


Figure 12. Anticancer activity by LTX-315 in a three-tumor sarcoma model. Cured animals were re-challenged with living sarcoma (rTMSC) and Rose Leukemia (RL) cells.[51]

Since LTX-315 may be an ideal agent to enhance polyclonal (diverse) T cell responses, LTX-315 has been tested in combination with immune checkpoint inhibitors and chemotherapy.

Preclinical tumor models have demonstrated a significant synergy between LTX-315 and immune checkpoint inhibitors (anti-CTLA-4).[52] Anti-CTLA-4 targets the checkpoint molecule CTLA-4, which downregulates immune responses. An initial treatment with anti-CTLA-4 blockade followed by LTX-315 resulted in strong synergy, compared to monotherapy. When both therapies were injected locally in the sarcoma model, strong therapeutic synergies were obtained in both treated and non-treated tumors. This demonstrates that LTX-315 is capable of markedly enhancing the immune-mediated anticancer effects induced by CTLA-4 blockade, even in tumors that were primarily resistant to CTLA-4 monoclonal antibodies. One reason for the strong synergy between LTX-315 and anti-CTLA-4 may be that CTLA-4 was clearly upregulated by the LTX-315.[53] LTX-315 in combination with the checkpoint inhibitor anti-PD-1 also showed some synergies as shown in Figure 13 below. However, these were not as strong as for the combination with anti-CTLA-4. The oncolytic virus WR, which currently is in clinical development, has been tested in the same tumor model alone and in combination with anti-CTLA-4.[54] Both as monotherapy and in combination with anti-CTLA-4, LTX-315 was superior to the oncolytic virus.

[48] Sveinbjørnsson et al., Future Med. Chem., 2017.
[49] Nestvold et al., OncoImmunology, 2017.
[50] Camilio et al, Cancer Immunol. Immunother., 2014.
[51] Nestvold et al., OncoImmunology, 2017.
[52] Yamazaki et al, Cell Death and Differentiation, 2016.
[53] Yamazaki et al, Cell Death and Differentiation, 2016.
[54] Fend et al 2017.

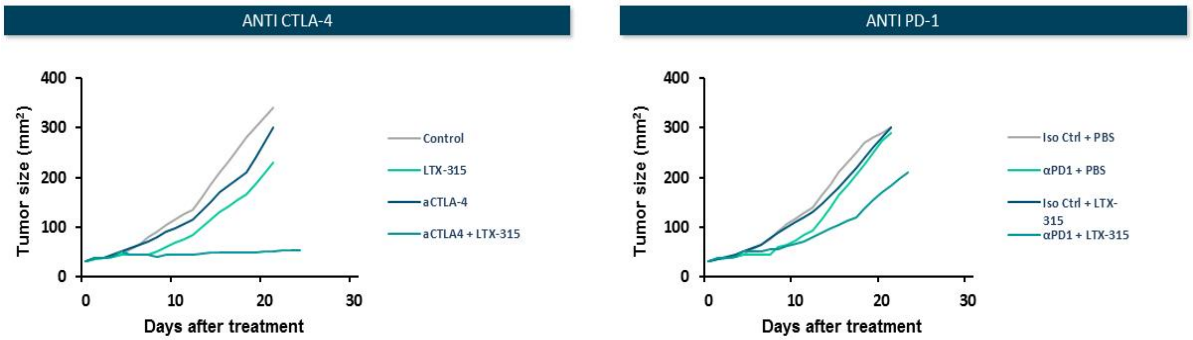


Figure 13. CTLA-4 blockade markedly synergized with subsequent local delivery of LTX-315 (left graph). LTX-315 in combination with PD-1 blockade showed a better anti-cancer effect than each of the substances on its own (right graph). Source: Yamazaki et al., 2016, Cell Death and Differentiation.

Preclinical models have also demonstrated a synergy between LTX-315 and chemotherapy (cyclophosphamide and doxorubicin). Low doses of cyclophosphamide and doxorubicin are known to inhibit immune suppressive cells. When combined with LTX-315, stronger anticancer activity was obtained compared to each compound tested alone. The figures below show how long animals survived before they had to be sacrificed due to the large tumor size. Almost no animals survived treatment with a single drug. In contrast, more than 50 percent of the animals were cured and survived with a combination of LTX-315 and either of the chemotherapies. The results with immune checkpoint inhibitors and chemotherapy indicate that LTX-315 has a potential to be combined with a number of established therapies.

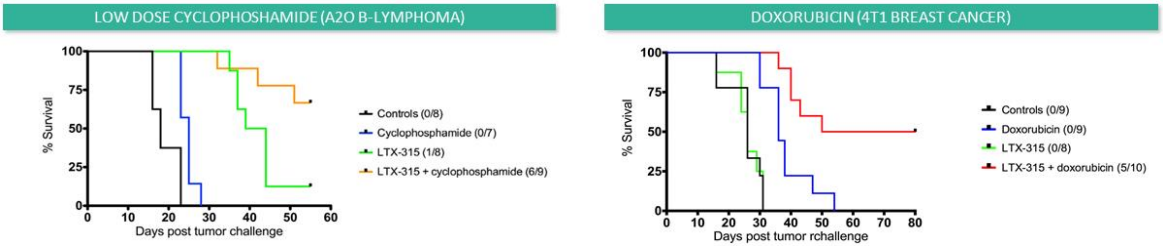


Figure 14. Source: Data on file.

3.5 Clinical development program

The product candidate LTX-315 has undergone a comprehensive preclinical development, and is in clinical phase I/II for several indications. The drug candidate has demonstrated a large potential to trigger a personal immune response to the patient's specific antigens, and to be an important combination product through its unique ability to convert cold tumors hot. The current clinical development program with LTX-315 includes several indications and settings, as indicated in Figure 15 below. In line with recent developments in immune-oncology, the Company plans smaller and agile clinical trials to provide faster readouts at lower cost. This also enables the development of the compounds to adapt faster to new knowledge.

Figure 15. Clinical development plan. Trials starting from 2019 are dependent on future financing

3.6 Completed clinical studies

In drug development, the drug is administered to cancer patients for the first time in a phase I study. It is therefore not known what the optimal amount of drug to administer was, and how frequently and for how long to administer the drug. The main purpose of phase I testing is to evaluate the safety of the drug candidate i.e. observe and document the frequency and severity of any side effects.

Two clinical trials with LTX-315 have been conducted to date. The first one (phase I) included 14 patients in monotherapy. The second trial (phase I/II) is divided into a Part A that included 28 patients in monotherapy. Part B included three study arms, where one arm is monotherapy (all solid tumors, 11 patients), one arm is LTX-315 in combination with ipilimumab (metastatic malignant melanoma, 8 patients) and the last arm is LTX-315 in combination with pembrolizumab (metastatic triple negative breast cancer, 18 patients). Figure 16 below shows an overview of conducted trials.

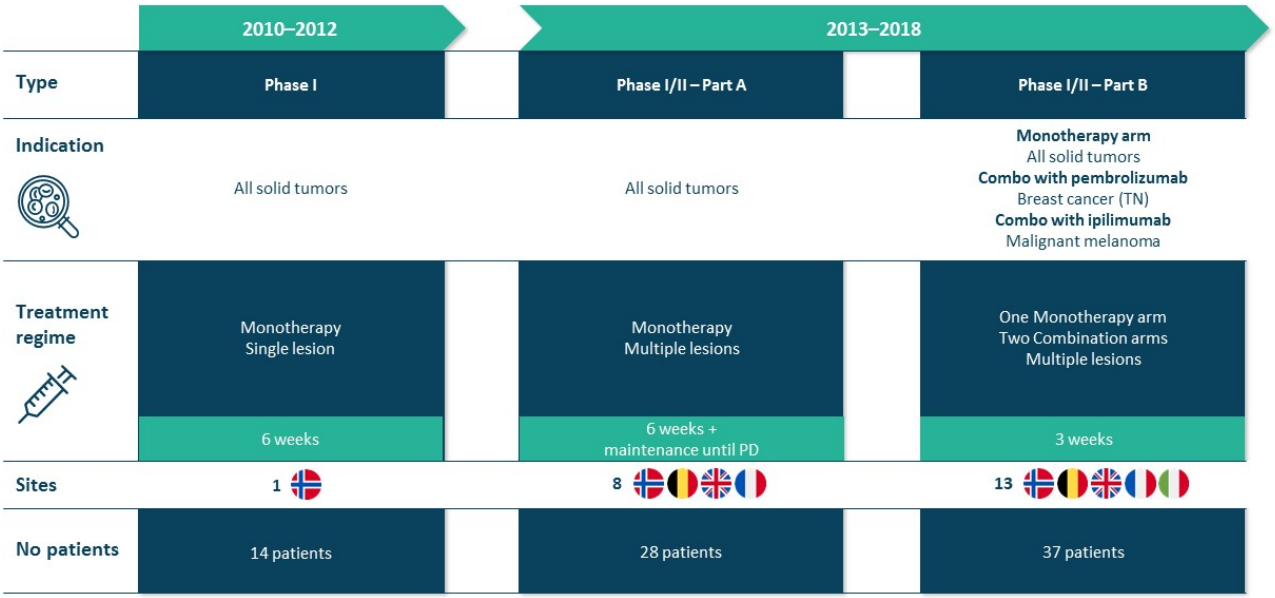


Figure 16. Overview of the clinical program with LTX-315.

3.6.1 LTX-315 as monotherapy and in combination with immune checkpoint inhibitors

The first clinical trial of LTX-315 was conducted in Oslo, Norway, (2010–2012) in 14 patients who were treated with LTX-315 once weekly for six weeks. The second study (enrollment completed) is being conducted in 13 hospitals in five countries: Norway, the U.K., France, Italy and Belgium and has included 39 patients with LTX-315 monotherapy (28+11 patients) and 26 patients with LTX-315 in combination with checkpoint inhibitors.

In both trials, patients have had tumors injected with LTX-315 where these tumors were on the skin, just under the skin or in the lymph nodes. All patients had advanced cancer with tumors located in multiple sites in different organs in the body. LTX-315 has been injected in patients in different dosing regimes. In the first study, patients were treated with six to eight injection days during a 6-week period. In the second trial (part A), patients were treated either with one tumor injected or multiple tumors injected sequentially. LTX-315 dose per injection evaluated has been 1.4–11.6 milligram ("**mg**") and in the ongoing trial (part B) LTX-315 doses of 3–5 mg per injection are being evaluated.

LTX-315 has been combined with two immune checkpoint inhibitors: pembrolizumab in advanced/metastatic pre-treated breast cancer and ipilimumab in advanced/metastatic malignant melanoma patients who have previously received anti-PD-1 treatment pembrolizumab or nivolumab, and whose cancers still progresses.

The results observed in the LTX-315 clinical phase I/II trial program can be summarized under three categories:

- Safety of LTX-315.
- Immune effects of LTX-315.
- Overall systemic tumor response by CT scan (x-ray imaging).

3.6.2 Safety

The purpose of initial testing of an anti-cancer drug in patients is to determine the optimal dose and schedule (how much, how frequently and for how long to administer it). The optimal dose and schedule is primarily decided based on the side effects that are observed with the drug. A well tolerated and predictable side-effect profile is desired to avoid long-lasting or serious side effects in patients. A secondary, but important goal in deciding the dose and schedule is to assess the effect of the drug on the cancer at different doses and schedules. The final choice of dose and schedule that will then be used in later trials is decided, and if the drug is approved, it should have an optimal balance of anti-cancer killing effect and tolerable and predictable side effects.

LTX-315 has been evaluated at doses of 1.4–11.6 mg per injection and was administered for an average of six weeks (six to eight injection days), but was administered for up to 33 weeks. The most common LTX-315 related side effects observed are mild or moderate allergy side effects (e.g. facial flushing, rash, itch and drop in blood pressure without associated symptoms). These usually occur soon (seconds/minutes) after injection in approximately 50 percent of patients and resolve quickly (minutes) and require no active treatment. However, in six patients (out of 79 treated with LTX-315) significant (serious) allergic side effects occurred (including significant drop in blood pressure, wheeze, skin rash and swelling (face and neck). In these six patients, these serious adverse events occurred either at first injection of high doses of LTX-315 (> 8 mg), in the second week after high dose (6 mg), or after several weeks of well tolerated treatment (≥ 10 weeks) of well

tolerated LTX-315 treatment. The first clinical trial (phase I) was therefore interrupted in December 2010 to reduce the dose to 4 mg LTX-315 per week at resumption in the fall of 2011. The second trial (phase I/II) was interrupted in June 2016 to optimize the LTX-315 dose and schedule and thereby maximize patient safety. Expert opinions were obtained, and based on this the clinical trial program was restarted in December 2016. The current dose and schedule is LTX-315 at doses of 3–5 mg administered twice weekly for three weeks (six injection days in total). This schedule has been chosen based on several important factors:

- LTX-315 dose-related hypotension (drop in blood pressure) may occur at doses per injection exceeding 8 mg; doses below 8 mg were therefore evaluated.
- Prolonged LTX-315 injection (longer than ten weeks) may increase the risk of LTX-315 related allergic reactions (flushing, rash, itch, drop in blood pressure) caused by antibodies (proteins produced by the immune system) developed against LTX-315; therefore a shorter schedule of three weeks was evaluated as the development of such antibodies is related to the duration of treatment. A short duration carries little or no risk of such antibodies developing.
- Anti-cancer cell killing effects are observed with an LTX-315 schedule of 3–5 mg administered for three weeks including shrinkage of injected and non-injected tumors, conversion of cold tumors to hot and partial responses on CT scan when LTX-315 is administered with, or before, immune checkpoint inhibitors.

LTX-315 is currently administered at doses of 3–5 mg per injection to tumors on six injection days in a three-week period. Multiple tumors may be injected and each tumor may receive multiple injections on each injection day depending on its size. LTX-315 is injected at five-minute intervals and a maximum of 12 injections are administered on a single injection day. The main side effects observed with the current LTX-315 dose and injection schedule are mild and short-lived allergy symptoms. These include flushing, itch, "pins and needles" in hands or feet and drops in blood pressure that are minor and not associated with any symptoms. These allergy side effects do not require treatment in most patients and resolve in a few minutes. No significant LTX-315 related allergic reaction has been observed. In particular, no major organ (heart, lungs, liver, kidney, etc.) side effects have occurred. Two patients had grade 3 LTX-315 related non-allergic reaction adverse events: pneumonitis and injection site pain. Both occurred in patients receiving LTX-315 and pembrolizumab. The grade 3 pneumonitis was reported as related to both LTX-315 and pembrolizumab.

3.6.3 Immune effects on the tumor

An increase in the number of cytotoxic CD8+ T cells needed to attack the tumor has been confirmed in monotherapy in 81 percent of patients (18 of 22 evaluable patients) where the biopsy of an LTX-315 injected tumor was compared with a biopsy of that same tumor before it was injected (see Figure 17 below). A gene analysis of LTX-315 treated tumors documents that LTX-315 enhances expression of key genes involved in T cell responses (Th1 - and cytotoxic T cells) necessary for immune mediated tumor regression. Moreover, the gene encoding CD8, that is the marker for cytotoxic T cells, was increased up to 70-fold.

The specificity of the T cell clones (clonotype) found in tumors before and after LTX-315 treatment has been assessed by sequencing of the T cell receptors genes in the biopsies before and after treatment. Clonal expansion of novel T cell clones was observed in tumors after LTX-315 treatment in 4 out of 5 patients, suggesting generation of de novo T cell responses by LTX-315. Healthy individuals display minimal variation in T cell clonotypes in the blood from month to month. In contrast, 5 out of 7 patients treated with LTX-315 had a significant increase in the number of expanded T cell clones in the blood. At average of all patients analyzed, 50 percent of the expanded clones in blood were also detected in the tumor after LTX-315 treatment. Taken together, these data show that LTX-315 changes the T cell repertoire in treated patients and may be generating de-novo anti-tumor T cell responses.

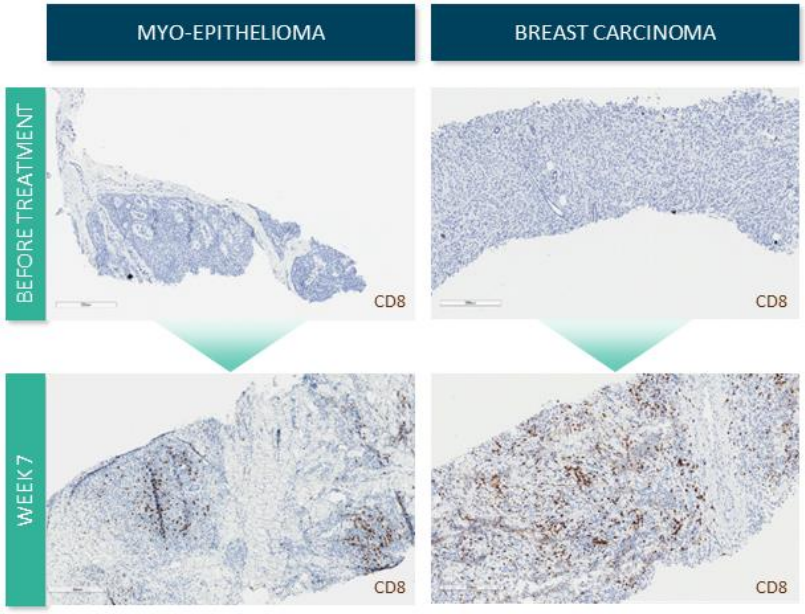


Figure 17.

Treatment of LTX-315 in combination with pembrolizumab also confirms immune effect in four out of four patients, as

illustrated in Figure 18 below.

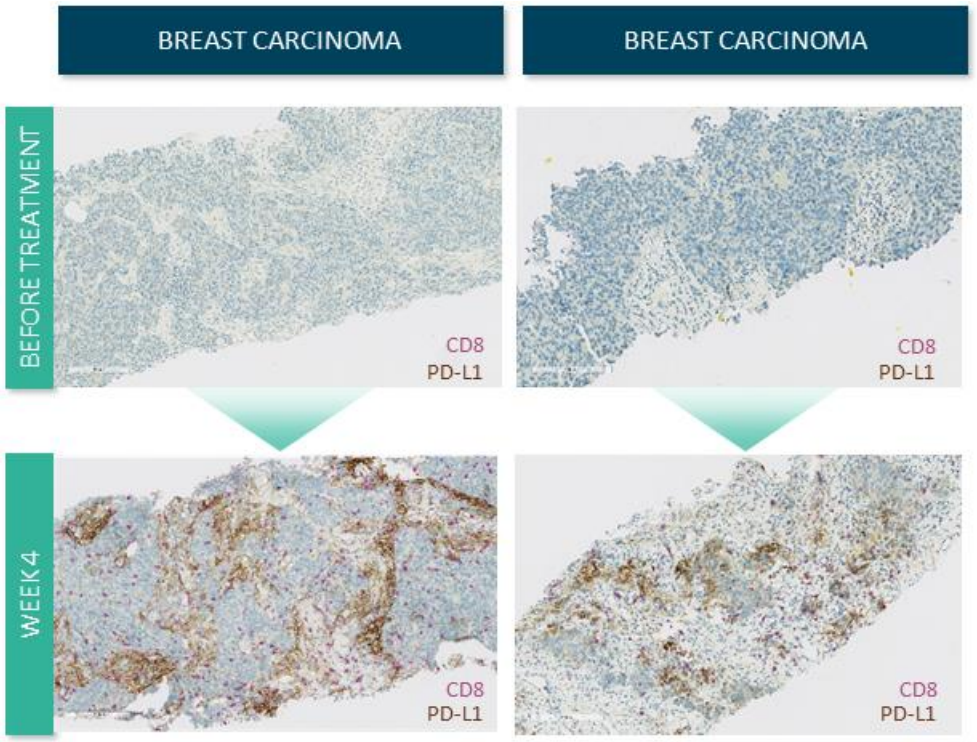


Figure 18. These biopsy images of tumors injected with LTX-315 show an increase in CD8+ T cells (pink) and PD-L1 expression (brown) in the tumors after three weeks of LTX-315 treatment in week four compared to baseline (LTX-315 naive tumor). Pembrolizumab targets the PD-1-PD-L1 axis and induced PD-L1 expression by LTX-315 treatment suggests that LTX-315 works in synergy with anti-PD-1.

3.6.4 Tumor response by CT scan

It is standard practice to assess the effectiveness of all cancer treatments by using special x-rays, known as CT scans, to see if the cancer (at all sites in the body) is shrinking significantly in size (termed "response"), increasing significantly in size (termed "progressive disease") or staying largely unchanged in size (termed "stable disease").[55] A response of the treatment is the goal in all patients and progressive disease means the treatment is not working. Stable disease is also of value, since many patients can both function and survive if the tumor can be kept at the same size. However, it is not of as high value as achieving a response.

It is not normal to expect responses in early cancer trials (phase I) as the goal with these trials is to determine the right dose and schedule (how often and when it is given) of the drug to ensure safety. At this stage of testing, it should be noted that most patients have a widespread disease and have already received all standard treatments. The chances of response are therefore usually very modest.

Lytix observed that 46 percent of patients (11 of 24) who had at least one CT scan after LTX-315 monotherapy to compare with one before LTX-315 treatment had achieved stable disease for approximately three months. This is a sign that LTX-315 is inducing an immune response that is limiting the growth of patients' cancer.

LTX-315 combined with ipilimumab (Yervoy®)

The Company has treated eight patients with LTX-315 in combination with ipilimumab in metastatic melanoma patients (or breast cancer) patients who have received prior anti-PD-1 treatment (pembrolizumab or nivolumab) and progressed. The first patient treated with this combination received LTX-315 and only two out of the standard of four ipilimumab infusions, however did achieve long term stable disease (by CT scan) lasting for 48 weeks – meaning the tumor is neither growing nor shrinking significantly. In addition, a second patient has achieved stable disease for 19 weeks. Recently, one patient achieved partial remission with a reduction of tumor burden by 72 percent 2 months after initiation of the treatment. In sum, a response has been shown in 50 percent (3 out of 6 patients with evaluable CT scan). The expected response with ipilimumab alone in such a patient is approximately ten percent if full standard treatment is received.

LTX-315 combined with pembrolizumab (Keytruda®)

The Company has also treated metastatic breast cancer patients (triple negative subtype) with LTX-315 in combination with pembrolizumab. All patients have received at least one or more prior treatment(s) (most commonly chemotherapy). 18 patients have been treated, and 13 of these patients have had evaluable CT scans. Two patients had achieved partial remission after 8 and 25 weeks, respectively, and three patients had stable disease. One of the two patients with partial remission is still in the trial with continuing partial response after 30 weeks. In Keynote-086, a phase II trial investigating the efficacy of pembrolizumab in monotherapy, the response rate in a similar patient population was 4 percent partial response and 0.6 percent complete response. The response rate in our study is 15% partial response and 23% stable disease.

[55] Wolchok J et al. Guidelines for the evaluation of immune therapy activity in solid tumors: Immune-Related Response Criteria. Clinical Cancer Research; 15(23) 2009.

Analysis by immune histochemistry in this study arm has shown that four out of four evaluable patients had increased infiltration of CD8+ T cells after treatment.

Preliminary data on best tumor response in each patient with available data are shown in the figure below, showing significant reduction in the combination therapies.

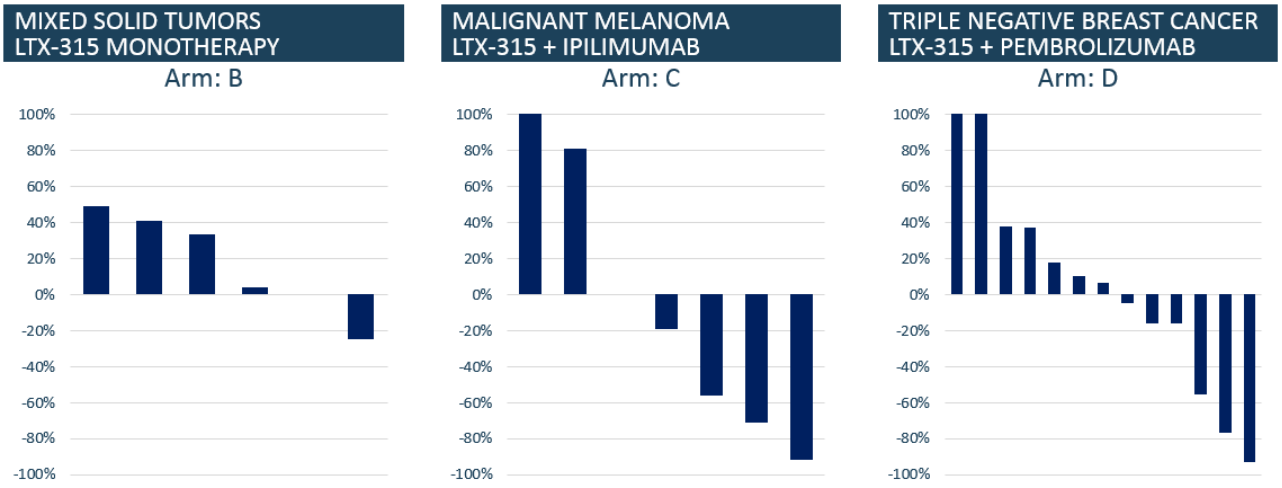


Figure 19. Change in tumor size from base line. Best response in best target lesion per patient.

3.6.5 Summary of clinical outcomes as of May 16, 2018

The clinical program is ongoing. Phase I and phase I/II Part A trails are ended, whereas the phase I/II part B has completed enrollment and some patients are still followed up. Various tumor types, dosing, and drug combinations have been investigated. Preliminary and final readouts from the clinical program, indicate promising results of LTX-315. The readouts indicate that LTX-315 triggers a strong immune response, and can play a central role in the combination treatment of solid tumors. The clinical outcomes are summarized below:

LTX-315 monotherapy (mostly advanced, metastatic disease).

- 38 patients treated., 24 evaluable.
- Best overall response of Stable Disease ("**SD**") at two months was seen in 11 patients. (46 %).
    - four in melanoma.
    - three in sarcoma.
    - two carcinoma.
    - one in breast cancer.
    - one in head and neck.

LTX-315 and ipilimumab (metastatic malignant melanoma and triple negative breast cancer, progressing on anti PD-1).

- Eight patients treated (one ongoing), 6 evaluable.
- Best overall response of SD at two months was 33 percent and one PR (17 percent).

LTX-315 and pembrolizumab (metastatic triple negative breast cancer, second to fifth line).

- 18 patients treated, 13 evaluable.
- Partial Response ("**PR**") in 15 percent of the patients (one ongoing).
- Best overall response of SD at two months was 23 percent.

3.7 Planned trials

The Company plans to initiate two phase I/II trials starting in 2018:

- LTX-315 in combination with ipilimumab (Yervoy®) in women with triple negative breast cancer (TNBC), and
- LTX-315 in combination with adoptive T cell therapy (ATCT) in patients with metastatic soft tissue sarcoma.

The combination trial with ipilimumab is the "first route to market" to prove that in the right combination LTX-315 cannot only turn cold tumors hot, but that these local hot tumors can also be turned into a systemic or full body immune activation fighting the cancer cells throughout the whole body and increase patient outcomes.

The planned ATCT study in patients with sarcoma is a proof-of-concept study. This study is a unique opportunity to demonstrate that LTX-315 can generate a personal and patient specific immune response fighting the patient's own cancer. This trial design has been discussed with Lytix' expert panel addressing the latest insights and will be initiated in 2018. The primary objectives are safety and immune monitoring to proof patient specific immune responses.

The Company plans to initiate two phase I/II trial programs starting in 2019:

- LTX-315 in cold tumors testing different combinations in different tumors, and
- LTX-401 in liver cancer.

To demonstrate the unique capability of LTX-315 to turn cold tumors hot as being a first critical step for immune therapy to work, different cold tumor types will be selected in close collaboration with world leading experts to test LTX-315. This study program follows after the "first route to market" in TNBC with LTX-315 plus ipilimumab with the goal to expand the markets

for LTX-315.

LTX-401 is a different oncolytic peptide than LTX-315 but with a similar mode of action. LTX-401 has a potentially better safety profile allowing for higher doses in a single injection. LTX-401 will be developed to treat deep located tumors inside the body such as the liver. LTX-401 allow deep tumors to be treated with fewer injections at higher doses.

3.7.1 LTX-315 in triple negative breast cancer

TNBC is a difficult to treat form of breast cancer with a poor prognosis and a medical need for better treatments. TNBC represents a significant group of women around 15 to 20% of all women with breast cancer. Checkpoint inhibitors have shown limited results in TNBC so far and improvement of immune therapy is needed. The combination of LTX-315 with ipilimumab, an anti-CTLA-4 monoclonal antibody, is being supported when following the subsequent steps in the immune cycle. Indeed, in preclinical testing LTX-315 has shown better synergy and results when combined with ipilimumab compared to anti-PD-1 inhibitors like pembrolizumab.

3.7.2 Soft tissue sarcoma

Soft tissue sarcomas develop in supporting or connective tissue such as the muscle, nerves, tendons, blood vessels and fatty and fibrous tissue. These tumors are difficult to treat with a poor outcome particularly if the patient has widespread (metastatic) disease. Sarcomas are cold tumors with no significant responses reported in testing immune checkpoint treatments to date.

Adoptive T cell therapy is an experimental treatment that works by isolating the right immune cells from the patient's own tumor. Patient specific T cells infiltrate the tumor, and after the tumor is taken out by surgery, these T cells are isolated and cultured in the laboratory to generate billion of specific T cells that are reinfused back into the patient to fight the patient's own cancer.

The Company plans to study LTX-315 in combination with adoptive T cell therapy in a proof-of-concept study. Soft tissue sarcoma is a cold tumor with no or few T cells infiltrating the tumor limiting the applicability of this experimental approach. To increase the likelihood of success, LTX-315 will be injected into the tumor to turn the tumor hot by releasing the patient's personal neo-antigens that will attract and increase specific T cell infiltration. The goal is to prove that LTX-315 will improve the process to isolate the patient's specific T cells that now can fight the patient's own cancer.

The advantages of this approach are that it can be assessed quickly if LTX-315 attracts the T cells to the tumor after injection and if a tumor response is observed in the weeks/months following re-infusion of the T cells.

This trial will be conducted at Herlev Hospital in Copenhagen, Denmark and the intention is to set up referral sites.

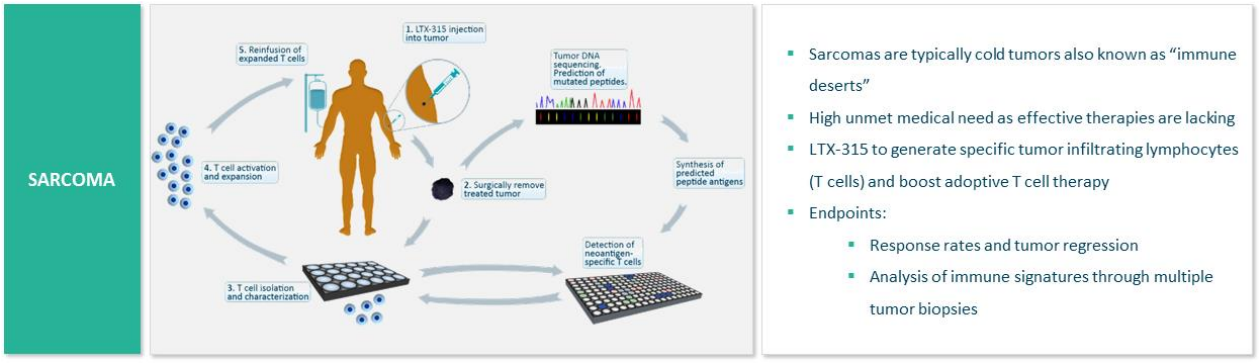


Figure 20.

Before the end of the second half of 2019, Lytix expects the following readouts from the trial in soft tissue sarcoma:

- Isolation and characterization of T cells from excised tumors that have been treated by LTX-315 with focus on the CD8 T cell population.
- Development of T cells specific to the neo-antigens in the documented tumor by:
  - Gene sequencing of the tumor tissue and prediction of mutations that can be exposed as tumor antigens for the T cells.
  - Test T cell responses toward synthetically produced neo-antigens.
- Clinical response in patients treated with T cells that are expanded ex-vivo (adoptive T cell transfer).
  - Monitoring of patients after the isolated T cells have been expanded outside the patient and then transferred back to the patient.
- Safety of LTX-315.

3.7.3 LTX-315 in a cold tumors

To demonstrate the unique capability of LTX-315 to turn cold tumors hot, as being a first critical step for immune therapy to work, different cold tumor types will be selected in close collaboration with world leading clinical experts to test LTX-315. In a "pick-the-winner strategy" LTX-315 will be tested multiple small exploratory studies in different cold tumors with different combinations. The goal is to prove that LTX-315 in the right combinations can not only turn injected cold tumors hot, but can expand the local immune response into a systemic full body immune response for circulating T cells to attack cancer cells throughout the whole body improving outcomes for patients, and potentially cure.

3.7.4 LTX-401 in liver cancer

LTX-401 will be developed to treat deep inside the body located tumors with few injections using higher doses than LTX-315. The liver is the first target organ to test LTX-401 to treat cancer. LTX-401 can be used to treat primary and secondary liver cancers. Primary liver cancer or hepatocellular carcinoma (HCC) originates from normal liver cells that turned into liver cancer cells. HCC is difficult to treat with no standard treatment available for advanced and spread disease. HCC is the second cause of cancer deaths worldwide with the highest incidence in Asia, especially China. Secondary liver cancer originates from different cancers – not normal liver cells – that spread to the liver such as colorectal cancer. The liver metastases are target lesions to be injected with LTX-401. The goal is to prove that treating the liver with LTX-401 can fire up a full body systemic immune response with circulating T cells to attack cancer cells throughout the whole body improving outcomes for patients, and potentially cure. In collaboration with world leading clinical experts on liver cancer the right studies will be designed and selected.

3.8 Collaborations and Advisory board

Lytix has established strong collaborations with several highly reputed institutions in the U.S. and Europe. Together with Institute Gustave Roussy (Profs. L. Zitvogel and G. Kroemer), Karolinska Institutet (Prof. B. Brodin), Harvard University (Dr. M. Pittet) and Weill Cornell Medical College (Prof. S. Demaria), Lytix is further investigating how the immune system is responding to our oncolytic molecules alone and in combinations. These strong collaborations are confirming the potential of LTX-315 to be one of the cornerstones in future combinations therapies within immuno-oncology.

Lytix has an advisory board comprised of international recognized key opinion leaders within immuno-oncology, which are giving advice to both pre-clinical and clinical development strategies:

- Robert Schreiber (Washington University School of Medicine in St. Louis);
- Sandra Demaria (Cornell University);
- Robert Andtbacka (University of Utah School of Medicine);
- Sudhir Agrawal (visiting prof. University of Massachusetts Medical School);
- Laurence Zitvogel (Gustave Roussy);
- Guido Kroemer (Gustave Roussy); and
- Aurélien Marabelle, (Gustave Roussy).

3.9 Intellectual property rights

Lytix entertains an active and highly advanced intellectual property rights ("**IPR**") strategy, and strives to secure and expand the protection of the Company's oncolytic peptides and related therapies with patents in all key markets worldwide, including the United States, Europe, Japan, China and Australia. At present, the patent portfolio consists of several patent families. LTX-315, as the most developed product, is protected by several layers of patent families.

The first layer is created by a patent family directed towards chemically modified bioactive peptides of 7-25 amino acids and methods for treating tumors with the peptides providing a methods-of-use protection of LTX-315. A second family of patents relates to the use of lytic peptides for inducing adaptive immunity against tumor growth, as an in-situ[56] vaccine principle, providing a second layer of methods-of-use protection of LTX-315 with a rejuvenated expiration date.

A third patent family is directed towards amphipathic peptides of nine amino acids in length (9-mers) and provides a third layer of patent protection with composition-of-matter claims for LTX-315 with an even further rejuvenated expiration date. Additional recent patent filings, extending into 2034, include two related families directed towards a combination of 9-mer peptides and checkpoint inhibitors or chemotherapeutic agents providing a further additional layer of protection for the combination use of LTX-315 with other cancer therapies. Furthermore, two patent applications have recently been filed, claiming the use of LTX-315 in expanding T cell clonality and reducing Tregs/MDSC cells, and will, when granted, provide patent protection until 2037 for the use of LTX-315 to transform cold tumors to hot and reduce the immune inhibition of tumors.

A separate patent family is related to new oncolytic molecules and is directed to the benefit of incorporating a disubstituted β-amino acid into peptides, peptidomimetics or amino acid derivatives covering LTX-401.

[56] "In situ" means "on site" and in this context it refers to a vaccine injected into the tumor.

Product	Description	EU	US	JP	Other[1]
Chemically modified peptides (incl. LTX-315)	Methods-of-use claims	Granted, expires 2019	3 granted, expires 2022	Granted, expires 2019	AU, NO, CA
Technology (adaptive immunity)	Method-of-use claims	Pending, expires 2027	2 granted, expires 2029 and 2020		AU, NO, CA
LTX-315	Composition-of-matter claims	Pending, expires 2029	Granted, expires 2032	Granted, expires 2029	AU, BR, CA, CN, IN, NZ, KR, RU, SG
LTX-315 Combination	Method-of-use claims			Pending, expires 2034	PCT[2] (not selected)
T cell clonality	Method-of-use claims	N/A	N/A	N/A	PCT[2] filed February 2017
Reshape of tumor tissue	Method of use	N/A	N/A	N/A	PCT[2] filed February 2017
LTX-401	Composition-of-matter claims	Granted, expires 2030	Granted, expires 2030	Granted, expires 2030	AU, BR, CA, CN, IN, NZ, KR, RU, SG,

Note (1): Additional countries where the patent is granted or pending.
Note (2): Patent Cooperation Treaty is an international patent application, which means that by submitting one application the same application is considered to be submitted in over 150 countries.

3.10 Use of proceeds

In order to implement the Company's strategy to advance the development of LTX-315 and to further develop and possibly expand the Company's pipeline, science and intellectual property, the board of directors of Lytix has decided to carry out the Offering.

At full subscription, the Offering will generate proceeds of approximately NOK 45 million before deduction of expenses related to the Offering. Lytix intends to use the proceeds from the Offering together with cash equivalents at hand as outlined below:

- Clinical trial(s) with LTX-315 in combination with checkpoint inhibitors or adoptive T cell therapy
- Scientific foundation, pipeline and intellectual property
- Possibly expand pipeline with other oncology drugs
- General corporate purposes and corporate development

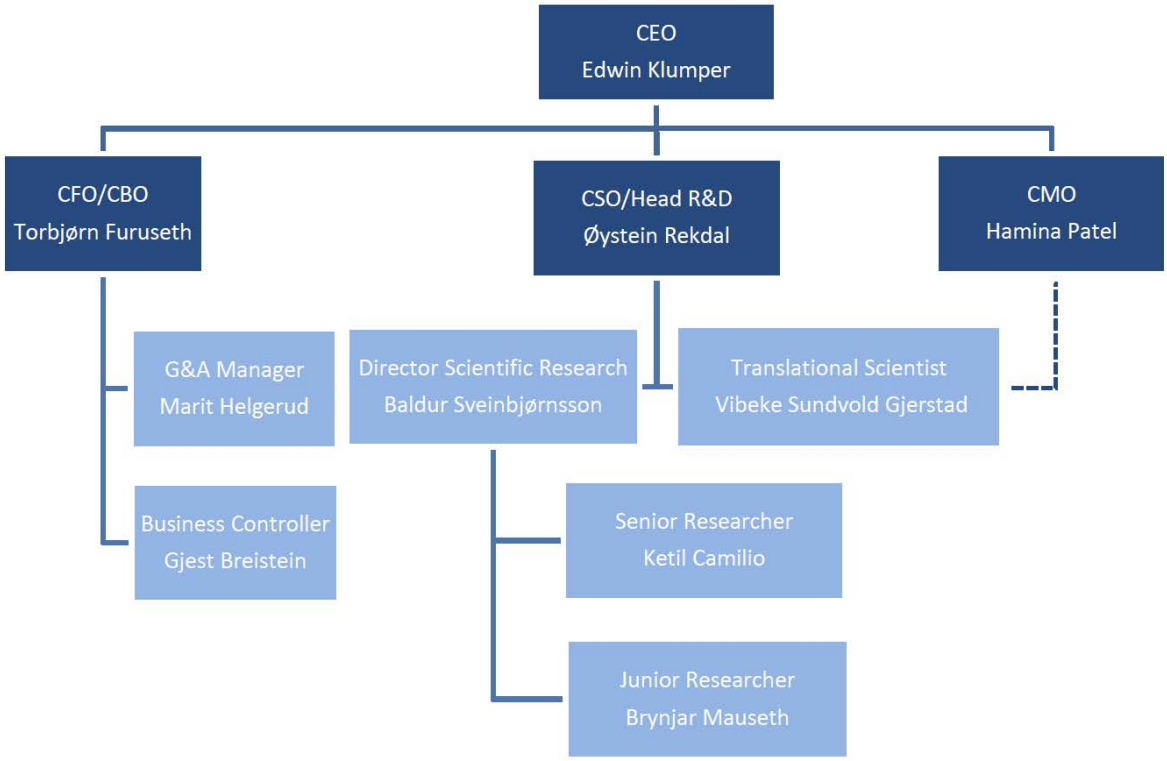
Even at full subscription, the proceeds from the Offering together with cash equivalents at hand will be insufficient to complete and finish all planned clinical trials. Consequently, The Company plans to conduct further share issues during the second half of 2018 or first half of 2019.

4. THE COMPANY'S MANAGEMENT AND BOARD OF DIRECTORS

4.1 Organization

Lytix consists of key experts with extensive experience from drug development, business development and commercialization of oncology products. The aim of the organization is to build a flexible, focused and cost-effective company. As of the date of the Prospectus Lytix has 9 part and full-time employees and one consultant. The CEO is the overall responsible, and the Chief Scientific Officer/Head of R&D (CSO/Head R&D), and Chief Financial Officer/Chief Business Officer (CFO/CBO) is part of the management team.

An outline of the Company functions and organization is given below:



4.1.1 Board of directors and executive management

According to Lytix' articles of association, the board of directors shall consist of a minimum of three and a maximum of nine members appointed by the general meeting of shareholders. The board of directors currently consists of four members elected at the extraordinary general meeting held on April 24, 2018 for the period up to the close of the 2019 annual general meeting. The board of directors and executive management of Lytix are presented below.

The Company's Board of Directors comprises the following members:

NAME	TITLE
Espen Johnsen	Chairman of the board of directors
Gert W. Munthe	Board member
Debasish F. Roychowdhury	Board member
Bernt Endrerud	Board member

ESPEN JOHNSEN

Chairman of the board of directors since 2018

Mr. Johnsen is a serial entrepreneur and has a long track record of building successful businesses. He has broad experience in turning around ailing businesses operating in fast changing and competitive environment, he is actively managing several successful investment portfolios and holds several board positions. Mr. Johnsen joined Lytix Biopharma as a shareholder already in 2004 and has followed the Company closely.

GERT WILHELM MUNTHE

Board member since 2014 (Chairman of the board of directors 2015-2018)

Mr. Munthe is the founder and chairman of the board of directors at Herkules Capital - a leading Nordic private equity player, and he was Chairman of Pronova Biopharma 2004-2013. Munthe has more than 20 years' experience as a senior executive from both Norwegian and international business. He is former CEO of Alpharma (listed on the NYSE), NetCom and Nycomed Imaging, and he has extensive board experience. Mr. Munthe is, through his company North Murray, the second

largest shareholder in Lytix Biopharma.

DEBASISH F. ROYCHOWDHURY

Board member since 2015

Mr. Roychowdhury is a recognized leader in the pharmaceutical industry. He is an oncologist with an extensive background in R&D, regulatory affairs and commercial operations, and serves in senior advisory roles for biotechnology companies. From 2009 to 2013, Mr. Roychowdhury was Senior Vice President and Head of the Global Oncology Division at Sanofi. Prior to that, he was Vice President and head of Clinical Development at GlaxoSmithKline. He has served as CMO (Chief Medical Officer) for Ra Pharmaceuticals and Seragon Pharmaceuticals. During his tenure in the industry, he has been involved in the approval of nine new drugs, several IND filings and supplementary approvals.

BERNT ENDRERUD

Board member in 2009-2011 and again from 2018

Mr. Endrerud is an active innovator and investor. He has established and led several successful businesses and has more than 30 years of experience as a business owner and developer. Mr. Endrerud is the owner of Care Holding AS, which is one of the main shareholders of Lytix Biopharma.

The Company's executive management comprises the following members:

NAME	TITLE
Edwin Klumper	CEO
Øystein Rekdal	CSO/Head R&D
Torbjørn Furuseth	CFO/CBO

EDWIN KLUMPER

CEO since 2017

Dr. Klumper is a life science entrepreneur and combines a scientific and business background holding a MD and PhD in medicine and an international MBA. He is co-founder/owner of iClusion Ltd - an internet platform company recruiting cancer patients for clinical studies, and co-founder/owner of SMS-oncology Ltd - an oncology contract research organization. Prior to this he has served as acting CMO at several biotechnology companies, Vice-President Marketing & Sales Europe at Nabi Biopharmaceuticals, European Brand Director at Amgen, Business Unit Director at Amgen in The Netherlands and in the United Kingdom. Cancer research and development is his field of expertise. With 25 years of experience, he has been involved in the European launch of a block buster drug, has successfully turned around a company, and has supervised 80 cancer drug development programs and 20 clinical studies.

Securities holdings in Lytix: 100,000 share options (subject to vesting period).

ØYSTEIN REKDAL

Chief Scientific Officer and Head of R&D since 2008

Dr. Rekdal is co-founder of Lytix Biopharma and has extensive research background within tumor immunology, oncolytic peptides and their abilities to induce potent tumor specific immune responses. Dr. Rekdal commenced his PhD on cytokines and tumor immunology in 1996. His postdoctoral work focused on oncolytic peptides and their abilities to induce potent tumor specific immune responses. This research forms the basis of Lytix Biopharma's oncolytic peptide platform. Dr. Rekdal is leading the collaboration with several distinguished researchers and institutions to further explore the unique ability of oncolytic peptides to reprogram non-inflamed or suppressive in experimental models and in cancer patients. He also serves as a visiting professor at the University of Tromsø, Norway.

Securities holdings in Lytix: 118,630 Shares and 95,830 share options.

TORBJØRN FURUSETH

Chief Financial Officer and Chief Business Officer since 2017

Dr. Furuseth has broad experience from most aspects within the life sciences sector. Before joining Lytix Biopharma he was in the executive management team at Aker BioMarine, responsible for Innovation, including science documentation, product development patent prosecution and litigation. He also has experience from sales processes, due diligence, negotiations and transactions in life sciences. Dr. Furuseth has six years of experience as management consultant at McKinsey & Co serving clients within the Pharma and Health Care practice on commercial, operational and strategic topics.

Dr. Furuseth obtained his medical degree at Norwegian University of Science and Technology in 2004, and have three years of clinical practice.

Securities holdings in Lytix: 26,330 Shares through Furuseth Pharma Invest AS and 51,480 share options.

HAMINA PATEL

Chief Medical Officer since 2018

Dr. Patel has almost 20 years of executive level pharmaceutical experience. She has a broad experience in planning and conducting clinical trials. She was Director Drug Development Oncology at J&J 2005-2012 and has a track record of leadership and delivery of results and translational and specific Immune-oncology experience understanding operational challenges developing IO compounds. She also brings regulatory experience and knowledge into the Company.

Securities holdings in Lytix: None.

5. FINANCIAL INFORMATION

5.1 General

The following selected financial information has been extracted from the Company's unaudited consolidated financial statements for the twelve month period ended December 31, 2017 (the "**Unaudited Financial Statements**"), and the Company's audited consolidated financial statements as of and for the year ended December 31, 2016 (the "**Financial Statements**").

The Unaudited Financial Statements have been prepared in accordance with IAS 34. The Company's auditor has performed a review of the Interim Financial Statement as described in ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity". The Financial Statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "**IFRS**") as adopted by the EU, and have been audited by the Company's auditor.

Financial information in the Prospectus have been rounded, for which reason certain tables do not necessarily add up.

5.2 Statement of comprehensive income

(In NOK thousands)	**2017** IAS 34 *(unaudited)*	**2016** IFRS *(audited)*
Revenue	1,059	124
Other operating income	38,694	12,336
Total operating income	**39,754**	**12,460**
Payroll and related expenses	(21,427)	(22,442)
Depreciation and amortization expenses	(14)	(1,009)
Impairment intangible assets	-	(2,940)
Direct R&D expenses	(46,793)	(33,534)
Other expenses	(23,775)	(17,005)
Total operating expense	**(92,010)**	**(76,929)**
Profit from operations	**(52,256)**	**(64,470)**
Net financial items	**(18,601)**	**648**
Share of post-tax profits of equity accounted investments	-	(9)
Gain from distribution of associate	1,428	-
Profit before tax	**(69,429)**	**(63,831)**
Tax expense	-	-
Profit for the year from continuing operations	**(69,429)**	**(63,831)**
Profit/(loss) for the year from discontinued operations	6,073	(3,994)
Profit/(loss) for the year	**(63,355)**	**(67,825)**
Total comprehensive income for the period	**(63,355)**	**(67,825)**

5.3 Statement of financial position

(In NOK thousands)	**2017** IAS 34 *(unaudited)*	**2016** IFRS *(audited)*
Assets		
Non-current assets		
Property, plant and equipment	6	20
Intangible assets	-	-
Investments in equity-accounted investments	-	-
Other receivables	-	-
Total non-current assets	**6**	**20**
Current assets		
Trade and other receivables	12,129	9,723
Cash and cash equivalents	34,957	17,637
Total current assets	**47,086**	**27,360**
Assets in disposal groups classified as held for distribution to owners	**-**	**8,097**
Total assets	**47,092**	**35,478**

Shareholders equity and liabilities		
Issued capital and reserves		
Share capital	1,234	1,002
Share premium reserve	10,557	22,068
Equity contributed to Lytix shareholders	**11,791**	**23,070**
Non-controlling interests	-	(41)
Total equity	**11,791**	**23,029**
Liabilities		
Current liabilities		
Trade payables	11,672	4,789
Other current liabilities	16,173	6,564
Other current financial liabilities	7,456	-
Total current liabilities	**35,301**	**11,353**
Liabilities in disposal group classified as held for distribution to owners	**-**	**1,097**
Total liabilities	**35,301**	**12,449**
Total equity and liabilities	**47,092**	**35,478**

5.4 Statement of cash flows

(In NOK thousands)	**2017** IAS 34 *(unaudited)*	**2016** IFRS *(audited)*
Cash flows from operating activities		
Income /(loss) from continuing operations	(69,429)	(63,831)
Income /(loss) from discontinuing operations	6,073	(3,994)
Adjustments for:		
Depreciation and amortization expenses	14	1,009
Impairment intangible assets	-	2,940
Interest received	(304)	(710)
Share of profit from associates	(1,428)	9
Share-based payment expense	1,030	5,793
Increase/decrease in trade and other receivables	(3,560)	(1,756)
Increase/decrease in trade and other payables	23,931	(6,430)
Distribution of LTX-109	(26,000)	-
Cash generated from operations	**(69,671)**	**(66,969)**
Income taxes paid	-	-
Net cash flows from operating activities	**(69,671)**	**(66,969)**
Investing activities		
Acquisition of associates	(408)	-
Interest received	304	710
Net cash from/(used in) investing activities	**(104)**	
Financing activities		
Proceeds from share issue	87,095	76,427
Capital contributions from minority interests	-	408
Net cash from/(used in) financing activities	**87,095**	**76,835**
Net increase in cash and cash equivalents	17,320	10,576
Cash and cash equivalents at the beginning of the period	17,637	9,719
Cash and cash equivalents at the end of the period	**34,957**	**20,295**
Cash from discontinued operations	-	(2,658)
Cash from continued operations	**34,957**	**17,637**

5.5 Significant events after December 31, 2017

The Company has experienced two significant events after December 31, 2017.

The Company planned an IPO in the first quarter of 2018 with substantial equity financing. The fundament was unfortunately not strong enough for a successful IPO at a satisfactory valuation and the IPO was therefore cancelled.

At the extraordinary general meeting held on April 24, 2018, a private placement of NOK 51.8 million was approved. The

investors who participated in this private placement have committed to subscribe for Shares of an amount of NOK 11.4 million in the next share issue, i.e. in the Rights Issue.

No other material events have occurred between the balance sheet date and the date of this Prospectus.

6. SHARES, SHARE CAPITAL AND TAX

6.1 Description of the Shares and the share capital

The share capital of the Company as of the date of this Prospectus is NOK 1,924,892.00, divided into 19,248,920 Shares, each with a par value of NOK 0.1.

6.2 Historical development in share capital and number of shares

The table below shows the development of the Company's share capital since the year 2013.

Year of resolution	Type of change	Change in share capital (NOK)	Par Value (NOK)	New number of shares	New share capital (NOK)
2013	Share issue (execution of options)	2,280	1	2,280	589,692
2013	Share issue	8,247	1	8,247	597,939
2013	Share issue	26,538	1	26,538	624,447
2013	Share issue	71,670	1	71,670	696,147
2014	Share issue (repair issue)	1,626	1	1,626	697,773
2015	Share issue	71,429	1	71,429	769,202
2015	Share issue (contribution in kind)	7,000	1	7,000	776,202
2016	Share issue (private placement)	225,604	1	225,604	1,001,806
2017	Share issue (contribution in kind)	1,000	1	1,000	1,002,806
2017	Demerger	(101,785)	1	(101,785)	901,021
2017	Share issue (Pre-IPO private placement)	217,993	1	217,993	1,119,014
2017	Share issue (repair issue)	76,736	1	76,736	1,195,750
2017	Share split		0.1		11,957,500
2017	Share issue (conversion of warrants)	377,888	0.1	37,788.80	12,335,338.8
2018	Share issue (private placement)	6,913,532	0.1	691,353.20	19,248,920

6.3 Authorization to issue Shares

The Company currently has one authorization granted by the Company's general meeting to increase the Company's share capital with a total of NOK 330,000, valid until April 20, 2020.

6.4 Authorization to acquire own Shares (treasury shares)

The Company currently does not have any registered authorizations granted by the Company's general meeting to the Board to acquire own Shares (treasury shares).

6.5 Options and warrants

Since 2013, Lytix has established three share-based incentive programs (A, B and C) for the Company's management, employees and consultants. The incentive programs consist of share options. A description of the three incentive programs is given below.

The intention of Lytix' Board is that the Company will implement additional incentive programs for the Company's management, employees and consultants, up to a level where the Company's incentive programs comprise share options corresponding to a total of approximately 10 percent of the Company's Shares.

Incentive Program A 2013/2018

On December 12, 2012 the board of directors of the Company decided to authorize the CEO and the chairman of the board of directors to implement a share option program ("**Incentive Program A**"). Incentive Program A comprised a maximum of 40,000 share options and was established at the beginning of 2013.

Following a decision by the board of directors of the Company on December 7, 2016 the allotment of share options under Incentive Program A was stopped, and 16,186 of the share options were transferred to Incentive Program C. Following a decision by the board of directors of the Company on March 27, 2017 the program was expanded by an additional 2,417 share options as a result of the conversion following the completed demerger of Lytix. A total of 17,860 of 26,231 share options were reserved for certain specific individuals, and 16,098 of these share options were also allotted to these individuals through share option agreements. The Board has decided that no more share options will be divested in Incentive Program A. The maximum number of share options in the program therefore amounts to 17,860.

Following conversion, as a result of the completed split that was approved at an extraordinary general meeting held on October 16, 2017, each share option was split in the ratio 1:10, so that one (1) share option, with entitlement to subscribe for one (1) Share in the Company at a subscription price per share of NOK 700, was converted to 10 new share options each with an entitlement to subscribe for one (1) Share in the Company at a subscription price per share of NOK 70. Shares can be subscribed for up until December 31, 2018.

As of the date of this Prospectus, no share options issued within the framework of Incentive Program A have been

exercised to subscribe for Shares. Assuming that all 178,600 share options are allotted, issued and exercised, a total of 178,600 new Shares may be issued, corresponding to maximum dilution of approximately 0.9 percent of the total number of Shares in the Company before the Rights Issue.

Incentive Program B 2016/2021

On March 10, 2016 the board of directors of the Company decided to implement a share option program with a maximum of 30,000 share options ("**Incentive Program B**"). Following a decision by the board of directors of the Company on March 27, 2017 the program was expanded by an additional 3,044 share options as a result of conversion following the completed demerger of Lytix, making a total of 33,044 share options.

A total of 30,444 of the 33,044 share options were reserved for certain specific individuals, and 22,734 of these share options were also allotted to these individuals through share option agreements.

Following conversion, as a result of the completed split that was approved at an extraordinary general meeting held on October 16, 2017, each share option was split in the ratio 1:10, so that one (1) share option, with entitlement to subscribe for one (1) Share in the Company at a subscription price per share of NOK 350, was converted to 10 new share options each with an entitlement to subscribe for one (1) Share in the Company at a subscription price per share of NOK 35. Shares can be subscribed for up until March 10, 2021.

As of the date of this Prospectus, no share options issued within the framework of Incentive Program B have been exercised to subscribe for Shares. Assuming that all 330,440 share options are allotted, issued and exercised, a total of 330,440 new Shares may be issued, corresponding to maximum dilution of approximately 1.7 percent of the total number of Shares in the Company before the Rights Issue.

Incentive Program C 2016/2021

On December 7, 2016 the board of directors of the Company decided to implement a share option program with a maximum of 30,000 share options ("**Incentive Program C**"). In total, 8,000 share options were reserved for certain specific individuals, whereof 8,000 also were allotted to these individuals through share option agreements.

Following conversion, as a result of the completed split that was approved at an extraordinary general meeting held on October 16, 2017, each share option was split in the ratio 1:10, so that one (1) share option, with entitlement to subscribe for one (1) Share in the Company at a subscription price per share of NOK 272, was converted to 10 new share options each with an entitlement to subscribe for one (1) Share in the Company at a subscription price per share of NOK 27.2. Shares can be subscribed for up until December 31, 2021.

As of the date of this Prospectus, no share options issued within the framework of Incentive Program C have been exercised to subscribe for Shares. Assuming that all 300,000 share options are allotted, issued and exercised, a total of 300,000 new Shares may be issued, corresponding to maximum dilution of approximately 1.5 percent of the total number of Shares in the Company before the Rights Issue.

Incentive program D 2018/2023

On April 24, 2018 the extraordinary general meeting decided to approve a share option program with a maximum of 1,500,000 share options ("**Incentive Program D**"). Each share option entitles the holder to subscribe for one share in the Company at a subscription price determined by the board of directors, however no less than NOK 20 per share. The share options shall be allocated to employees, management, the Board and other key persons of the Company. As of the date of this Prospectus, no share options are reserved or allotted for certain specific individuals.

As of the date of this Prospectus, no share options issued within the framework of Incentive Program D have been exercised to subscribe for Shares. Assuming that all 1,500,000 share options are allotted, issued and exercised, a total of 1,500,000 new Shares may be issued, corresponding to maximum dilution of approximately 7.2 percent of the total number of Shares in the Company before the Rights Issue.

Inventive program for chairman of the Board

The chairman of the Board, Espen Johnsen has been granted up to 600,000 share options, each option allowing subscription of one (1) share at a subscription price of NOK 25 per share. The share options may be exercised at any time (wholly or partly) but must be exercised before May 1, 2023.

As of the date of this Prospectus, no share options issued within the framework of the incentive program for the chairman of the Board have been exercised to subscribe for Shares. Assuming that all 600,000 share options are allotted, issued and exercised, a total of 600,000 new Shares may be issued, corresponding to a maximum dilution of approximately 3.0 percent of the total number of Shares in the Company before the Rights Issue.

Warrants issued

As of the date of this Prospectus, the Company has 9,774 outstanding warrants. Each warrant carries entitlement to subscribe for ten (10) Shares, meaning that a total of 97,740 Shares may be subscribed for if all the outstanding warrants are exercised (corresponding to maximum dilution of approximately 0.5 percent of the total number of Shares in the Company before the Rights Issue).

Shares may be subscribed for no earlier than the first working day of the eighth month after the Shares being traded on Nasdaq First North Premier, and no later than the last working day of the twelfth month after the Shares being traded on Nasdaq First North Premier. Subscription shall take place in any event no later than December 20, 2018. In case there is no listing of the Company, the subscription for the new shares can be made during the period commencing on August 1, 2018 to December 20, 2018.

The price per Share shall be the volume-weighted average price for the Company's shares on Nasdaq First North Premier during the ten (10) days of trading preceding the first working day of the eighth month after the shares being traded on Nasdaq First North Premier. However, the price shall be a minimum of SEK 36.4 and a maximum of SEK 57.4 (with adjustment for the consequences of any split or other measure). In the event the listing is not made, the subscription price per new share shall be SEK 36.4. The subscription price shall at the time of exercise be converted to NOK pursuant to Norges Bank's closing exchange rate SEK/NOK and be paid in NOK. The subscription price cannot in any event be below par value.

6.6 Shareholder structure

The table below shows the shareholder structure of the Company as of May 30, 2018.

Share holder	No. of shares	In %
TAJ HOLDING AS	3,268,291	17%
NORTH MURRAY AS	2,222,463	12%
3 T PRODUKTER AS	1,525,431	8%
CARE HOLDING AS	1,483,080	8%
PICASSO KAPITAL AS	1,097,860	6%
ROTHESAY LIMITED	610,184	3%
BRØDRENE KARLSEN HOLDING AS	609,273	3%
MIKAEL LÖNN	570,717	3%
LYSNES INVEST AS	555,973	3%
NORINNOVA INVEST AS	542,510	3%
OTHER	*6,763,138*	*35%*
SUM	**19,248,920**	**100%**

6.7 Subscription commitments

At the extraordinary general meeting, held April 24, 2018, both a cash private placement ("**Private Placement A**") amounting to NOK 45,523,365 and a private placement ("**Private Placement B**") amounting to NOK 6,328,125 by conversion of outstanding guarantee fee was approved. All subscribers in Private Placement A has committed to subscribe for shares this Rights Issue (corresponding to 25% of the amount they subscribe for in Private Placement A), at a subscription price of NOK 10 per share. In total, the commitment amounts to NOK 11,380,840.

Subscriber	**Subscription amount (NOK)**
Taj Holding AS	4,000,000.00
3T Produkter Holding AS	2,000,000.00
Care Holding AS	1,250,000.00
Lysnes Invest AS	250,000.00
Hopen Invest AS	250,000.00
Norinnova Invest AS	150,000.00
Mikael Lönn	462,500.00
Maida Vale Capital AB	25,000.00
Mikael Hägg	150,000.00
Paramax Investment Limited	147,500.00
Thomas Borstam	50,000.00
Stefan Strand	25,000.00
Dan Rubinstein	59,680.00
Anders Leideman	12,500.00
Richard Goldman	20,000.00
Dan Höxter	5,620.00
Jimmie Landerman	20,000.00
Kerstin Kullingsjö	33,750.00
Anders Dahlén	4,290.00
Mikael Grönvik	37,500.00
Adel Asseh	37,500.00
Oliver Lippman	5,000.00
Erik Lindbäck	37,500.00
Anders Lindbäck	37,500.00
ROTHESAY LTD / John Fällström	750,000.00
Wang, Jan Eyvin	100,000.00
Motor Trade Eiendom og Finans AS	100,000.00
Agir AS	360,000.00
Brødrende Karlsen Holding AS	1,000,000.00
Total	**11,380,840.00**

6.8 VPS

The Company's Shares are registered in book-entry form with the VPS, securities identification code ISIN NO 0010405780.

6.9 Tax

6.10 Norwegian withholding tax

Set out below is a summary of certain Norwegian withholding tax matters related to an investment in the Company. The summary regarding Norwegian taxation are based on the laws in force in Norway as of the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. Please note that for the purpose of the summary below, a reference to a non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes or to shareholders who are limited liability companies (and certain other entities) not resident in Norway for tax purposes, are as a general rule subject to withholding tax at a rate of 25 percent. The withholding tax rate of 25 percent is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to shareholders who are limited liability companies (and certain other entities) resident within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

Shareholders who are individuals resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to a calculated tax-free allowance on each individual share. However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25 percent less the tax-free allowance.

Non-Norwegian shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

Nominee registered shares will be subject to withholding tax at a rate of 25 percent unless the nominee has obtained approval from the Norwegian Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

From January 1, 2019, new rules will apply with respect to the documentation of the applicability of reduced withholding tax rates. Inter alia, all non-Norwegian corporate shareholders must document their entitlement to a reduced withholding tax rate by either (i) presenting an approved withholding tax refund application or (ii) present an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate. Such documentation must be provided to either the nominee or the account operator (VPS).

The withholding obligation in respect of dividends distributed to non-Norwegian shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Non-Norwegian shareholders, shareholders who are carrying on business activities in Norway and holds the shares in connection with such activities and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

7. RISK FACTORS

7.1 Overview

Investment in securities always entails a risk. A number of factors affect, or may affect, Lytix' business, both directly and indirectly. Described below, in no particular order and without claim to be exhaustive, are the risk factors and significant circumstances considered to be material to Lytix' operations and future development. The risks described below are not the only risks to which Lytix and its investors may be exposed. Additional risks and uncertainties that are not currently known to Lytix, or which Lytix does not currently consider to be material, may also have a material adverse effect on Lytix' operations, earnings and financial position. In addition to this section, investors should also take into consideration the other information provided in the Prospectus, in its entirety. The Prospectus also contains forward-looking statements that are subject to future events, risks and uncertainties. Lytix' actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the risks described below and elsewhere in the Prospectus.

7.2 Risks specific to the industry and operations

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

Lytix is at an 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. 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 commercialization. Lytix has invested significant amounts in the development of LTX-315, and significant investment remains to be made before LTX-315 can be commercialized. 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 commercialized.

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 authorizations 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 authorizations 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 commercializing alternative products, i.e. products that do not utilize 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 commercialize the product candidate LTX-315 or subsequent product candidates, or if commercialization is subject to significant delay, this will have a material adverse effect on the Company's operations, earnings and financial position.

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

The Company is carrying out a clinical trial of the product candidate LTX-315. 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. There is also a risk that Lytix will experience unexpected side effects of the Company's product candidates, both in therapy expressly with the Company's product candidates and in combination therapy with other drugs. 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 commercialize 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 authorized 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.

7.2.3 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 authorizations from the relevant supervisory body or to commercialize 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, this 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.

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

There is a risk that the Company will not obtain the necessary authorizations and approvals from supervisory bodies in relevant markets, such as the Norwegian Medicines Agency (*Norwegian: Statens legemiddelverk*), the European Medicines Agency ("**EMA**") in the EU and the Food and Drug Administration ("**FDA**") in the USA, or that these authorizations will be considerably delayed. If this risk materializes, it will mean that the Company is unable to commercialize 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 authorization 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 authorization 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 authorization 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 authorization of a product candidate.

Where the Company receives authorization, this is generally for a limited geographical area or time period and/or is potentially subject to restrictions or further commitments after authorization, 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 authorized for sale in the jurisdiction concerned.

7.2.5 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 authorizations 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 will not succeed in developing the necessary relationships with customers, users and buyers. Lytix has not commercialized a product candidate to date, and there is a risk that the Company will not be able to commercialize 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 authorized 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.

7.2.6 Lytix is dependent on the Company 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 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 commercialize 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 commercialize its technology and its products.

If, by mistake or for other reasons, the Company or the inventors of the technology covered by the Company's patents or patent applications disclosed the technology before the patent was granted, this may further affect the Company's patent protection or, where relevant, the prospects of obtaining patent protection.

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.

Lytix is also dependent on know-how in its operations. There is a risk that the Company's competitors will develop equivalent know-how, or that Lytix employees, consultants or partners of the Company will disclose confidential information to Lytix competitors in contravention of their confidentiality commitments. Should this occur, and Lytix does not succeed in protecting its knowledge effectively, this could have an adverse effect on Lytix operations, earnings and financial position.

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 materialize it could have a material adverse effect on Lytix operations, financial position and earnings.

7.2.7 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'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 preclinical studies and clinical trials. 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.

7.2.8 Brand and reputation

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 and academic institutions), 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 fulfill 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.

7.3 Commercial risks

7.3.1 Dependence on collaboration with third parties for development and commercialization of product candidates

The Company is dependent on collaboration with various third parties and partners for the development and commercialization of the Company's product candidates. The Company has entered into agreements with external Contract Manufacturing Organizations (CMO) for the manufacture of the Active Pharmaceutical Ingredients (API) used in all the clinical and preclinical studies. The Company has also contracted external Contract Research Organizations (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 consequently a risk that the Company will be unable to commercialize 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 had these collaborations 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.

7.3.2 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 organizations. The success of the commercialization 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 subsidizing 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.

In the Company's opinion, total health care costs have increased further 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 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.

7.3.3 The market for the development and commercialization of drugs is highly competitive

The Company operates in a market that is fiercely competitive, and there is a risk that the Company's competitors may discover, develop and/or commercialize products before or more successfully than the Company. The Company's competitors in the market for immunotherapy include not only Big Pharma but also specialized 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 organizations that conduct research, development, manufacture and commercialization, and that apply for patent protection and establish research collaborations within the Company's industry.

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

It should be noted that there are a number of pharmaceutical and biotechnology companies that have come further than the Company in the commercialization of products for immunotherapy. In addition, there is a risk that pharmaceutical and/or biotechnology companies will develop product candidates and products which do not utilize immunotherapy to treat the conditions and diseases for which the Company is developing its product candidates. The Company's main product candidate, LTX-315, is injected intratumorally. There is a risk that the Company's competitors will develop competing product candidates and products that are injected intravenously.

Lytix' commercial opportunities may decrease or be eliminated entirely if one or more of the Company's competitors develops and commercializes 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 authorizations from regulatory authorities, such as the EMA or FDA, before Lytix receives the necessary authorizations, 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 commercialize the Company's product candidates.

7.4 Legal risks

7.4.1 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 commercialization 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 commercialization 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 under the heading Insurance cover). Overall, these factors could have a material adverse effect on the Company’s operations, earnings and financial position.

7.4.2 Insurance cover

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 cover 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.

7.4.3 Compliance with laws and rules

In addition to what is stated in the rest of this section, 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 authorizations and approvals, intellectual property and compliance with rules on, for example, the protection of classified information, personal data and financial reporting, and the respecting 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.

In addition to what is stated elsewhere in this section, changes in legislation and authorities' rules may also 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.

7.4.4 Disputes and proceedings

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.

7.4.5 Processing of personal data

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. There is a risk that the Company does not currently, or will not in the future, meet all the requirements made of the processing of personal data, will fail in its commitments to the persons to whom the personal data relates or will otherwise fail to meet the requirements in current or future legislation on personal data. There is a risk that incorrect processing of personal data will result in sanctions by authorities and/or damage the Company's reputation, which may have an adverse effect on the Company's operations, earnings and financial position.

In May 2018 a new EU regulation enters into force, under which the failure to comply with rules on the processing of personal data can result in sanctions in the form of, inter alia, a fine amounting to EUR 20 million or 4 percent of the Company's global annual turnover, whichever is the higher. Should the Company become subject to such sanctions, it would have a significant adverse effect on the Company's operations, earnings and financial position. There is also a risk that the measures taken by the Company to comply with the current and forthcoming legislation will be costly and/or disrupt daily operations, which may have an adverse effect on the Company's operations, earnings and financial position.

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

The Company has not registered the Shares under the U.S. Securities Act or the securities laws of other jurisdictions than Norway and the Company does not expect to do so in the future. The Shares may not be offered or sold in the United States, nor may they be offered or sold in any other jurisdiction in which the registration of the Shares is required but has not taken place, unless an exemption from the applicable registration requirement is available, or the offer or sale of the Shares occurs in connection with a transaction that is not subject to these provisions. In addition, there can be no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or exercise subscription rights.

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

The Company and each investor agree in this Prospectus and the Application Form 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 the Rights Issue or this Prospectus. Consequently, it may not be possible for investors to sue the Company in any other court in relation to the Rights Issue or this Prospectus.

The Company is a private limited liability company organized under the laws of Norway. Most of the members of its board of directors and of the Company's management reside in Norway. As a result, in relation to any claim not related to the Rights Issue 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.

7.4.8 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.

7.4.9 Pre-emptive rights may not be available to U.S. or other shareholders

Under Norwegian law, existing shareholders will have pre-emptive 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 authorization to the Board of Directors under which the Board may waive the pre-emptive 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.

7.5 Financial risks

7.5.1 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 injections from existing and new investors. Lytix has only limited revenues, and since the Company was established, has not reported a positive operating result in any fiscal year. In all likelihood Lytix will need further injections 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 commercialize 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 commercialization of Lytix product candidates is delayed or abandoned. 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.

7.5.2 Risks associated with research and development grants

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.

7.5.3 Risks related to acquisitions and disposals

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 realized, this may have an adverse effect on Lytix operations, financial position and earnings.

7.5.4 Risks associated with completed demerger

In spring 2017, Lytix carried out a restructuring of the Company by transferring operations that were not concerned with cancer research to two share companies, Amicoat Holding AS and Pharma Holdings AS, through a Company demerger. The demerger was approved at an extraordinary general meeting of the Company held on January 31, 2017, and on was registered as completed in the Norwegian Register of Business Enterprises on May 2, 2017. In the demerger, Amicoat Holding AS and Pharma Holdings AS took over some of Lytix' assets and liabilities. If a company liable for a certain liability under the demerger plan is unable to pay this liability, or if a liability that existed before the demerger took place was not included in the demerger plan, then under Norwegian legislation, the companies that participated in the demerger are jointly and severally liable for this liability. If the companies taking over, Amicoat Holding AS and Pharma Holdings AS, are unable to correctly pay the liabilities that they took over from Lytix through the demerger, or if certain liabilities were not included in the demerger plan, there is consequently a risk that the Company may be held liable for these liabilities. In addition, there is a risk that Lytix is required to pay value added tax as a result of the transfer of patents in the demerger. Should any of these risks occur, it may have a material adverse effect on the Company's operations, earnings and financial position.

7.5.5 Tax-related risks

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 the demerger. Should any of these risk be realized, it may have an adverse effect on the Company's operations and financial position.

7.5.6 Currency risk

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

7.5.7 There is no market for trading in the Company's Shares

There is currently no market for trading in the Company's Shares. Hence, among other things, the Company will not be subject to the regulations that apply to publicly traded shares, such as requirements regarding disclosure of material information about the Company's business.

7.5.8 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.

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