INFORMATION DOCUMENT

Lytix Biopharma AS

(A private limited liability company incorporated under the laws of Norway)

Admission to trading of shares on Euronext Growth Oslo

This information document (the "**Information Document**") has been prepared by Lytix Biopharma AS (the "**Company**" or "**Lytix**") solely for use in connection with the admission to trading (the "**Admission**") of all issued shares of the Company on Euronext Growth Oslo ("**Euronext Growth**").

As of the date of this Information Document, the Company's registered share capital is NOK 3,873,901.30, divided into 38,739,013 shares (the "**Shares**"), each with a par value of NOK 0.10.

The Shares have been approved for admission to trading on Euronext Growth and it is expected that the Shares will start trading at Euronext Growth on or about 14 June 2021 under the ticker code "LYTIX". The Shares are, and will continue to be, registered in the Norwegian Central Securities Registry (the "**VPS**") in book-entry form. All of the issued Shares rank *pari passu* with one another and each Share carries one vote.

Euronext Growth is a market operated by Euronext. Companies on Euronext Growth, a multilateral trading facility (MTF), are not subject to the same rules as companies on a Regulated Market (a main market). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in a company on Euronext Growth may therefore be higher than investing in a company on a regulated market. Investors should take this into account when making investment decisions.

THE PRESENT INFORMATION DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS WITHIN THE MEANING OF REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 14 JUNE 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71.

THE PRESENT INFORMATION DOCUMENT HAS BEEN DRAWN UP UNDER THE RESPONSIBILITY OF THE ISSUER. IT HAS BEEN REVIEWED BY THE EURONEXT GROWTH ADVISORS AND HAS BEEN SUBJECT TO AN APPROPRIATE REVIEW OF ITS COMPLETENESS, CONSISTENCY AND COMPREHENSIBILITY BY EURONEXT.

THIS INFORMATION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT HERETO.

Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 1 "Risk factors" and Section 3.3 "Cautionary note regarding forward-looking statements" when considering an investment in the Company and its Shares.

Euronext Growth Advisors

Arctic Securities AS and

SpareBank 1 Markets AS

The date of this Information Document is 14 June 2021

IMPORTANT INFORMATION

This Information Document has been prepared solely by the Company in connection with the Admission. The purpose of the Information Document is to provide information about the Company and its business. This Information Document has been prepared solely in the English language.

Euronext Growth is subject to the rules in the Norwegian Securities Trading Act of 29 June 2007 no 75 (as amended) (the "**Norwegian Securities Trading Act**") and the Norwegian Securities Trading Regulations of 29 June 2007 no 876 (as amended) (the "**Norwegian Securities Trading Regulation**") that apply to such marketplaces. These rules apply to companies admitted to trading on Euronext Growth, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Euronext Expand. Euronext Growth is not a regulated market.

For definitions of terms used throughout this Information Document, please refer to Section 14 "Definitions and glossary of terms".

The Company has engaged Arctic Securities AS and SpareBank 1 Markets as its advisors in connection with the Admission to Euronext Growth (the "**Euronext Growth Advisors**"). This Information Document has been prepared to comply with the Admission to Trading Rules for Euronext Growth (the "**Euronext Growth Admission Rules**") and the Content Requirements for Information Documents for Euronext Growth (the "**Euronext Growth Content Requirements**"). Oslo Børs ASA has not approved or reviewed this Information Document or verified its content.

All inquiries relating to this Information Document should be directed to the Company or the Euronext Growth Advisors. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Euronext Growth Advisors in connection with the Admission, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Euronext Growth Advisors.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Information Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Information Document and before the Admission will be published and announced promptly in accordance with the Euronext Growth regulations. Neither the delivery of this Information Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Information Document is correct as of any time since its date.

The contents of this Information Document shall not be construed as legal, business or tax advice. Each reader of this Information Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Information Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Information Document in certain jurisdictions may be restricted by law. Persons in possession of this Information Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Information Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Information Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw.: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Information Document.

Investing in the Company's Shares involves risks. Please refer to Section 1 "Risk factors".

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Notwithstanding the Target Market Assessment, distributors

should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a private limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the Company's senior management (the "**Management**") are not, except for Jayson Rieger, residents of the United States of America (the "**United States**"), and the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United States (including any State or territory within the United States).

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway.

Similar restrictions may apply in other jurisdictions.

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1 RISK FACTORS

Investing in the Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Information Document, including the Financial Statements and related notes. The risks and uncertainties described in this Section 1 "Risk factors" are the principal known risks and uncertainties faced by the Company as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Company and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Company may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Company's business, financial condition, results of operations and cash flow. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

The risk factors described in this Section 1 "Risk factors" are sorted into a limited number of categories, where the Company has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence or of their severity or significance. The risks mentioned herein could materialize individually or cumulatively.

The information in this Section 1 "Risk factors" is as of the date of this Information Document.

1.1 Risk related to the business and industry in which the Company operates

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

Lytix is in the mid-to-early stage in the development of the Company's product candidates. The Company's main product candidate, LTX-315, has been tested in a combined Phase I/II study as monotherapy and in combination with two checkpoint inhibitors. The Company is dependent on the success of its product candidate LTX-315 and subsequent product candidates. At present, the Company has a total of three 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 investments remain 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.

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

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

As compensation for the exclusive license, Verrica has paid the Company an upfront payment of USD 250,000 and a one-time payment of USD 2,250,000, triggered by the recent IND clearance by FDA. In addition, there are future regulatory milestone payments subject to the achievement of certain development milestone events (in total USD 21,000,000 including already paid fees) and sales milestones (in total USD 90,000,000). Verrica is also obligated to pay tiered double-digit royalties in the teens on aggregate annual net sales of all products in the licensed field during the applicable royalty term as further described in the License Agreement.

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

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

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

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

If the clinical trials carried out by the Company produce negative and/or undesirable results, or fail to demonstrate the safety and efficacy required by the relevant supervisory body, this may involve extra costs for the Company, may mean delays in the completion of the product candidate, or may mean that the Company is unable to complete or 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.

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, it may delay or make it impossible to continue the research into and development of product candidates and products, which would have a material adverse effect on the Company's operations, financial position and earnings.

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

There is a risk that the Company will not obtain the necessary 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 (Nw.: *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.

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, and/or its commercial partners, 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.

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

The Company's current patent portfolio consists of several patent families, including granted patents in some jurisdictions and patent applications that are pending in other jurisdictions. If the Company is unable to obtain and/or maintain patent protection for its technology, or if the scope of the patent protection obtained is not sufficiently broad, the Company's competitors may develop and 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, a third party or the inventors of the technology covered by the Company's patents or patent applications disclose the invention before the patent application in question is published, this may further affect the Company's patent protection or, where relevant, the prospects of obtaining patent protection. Furthermore, third parties may in the future undertake actions to invalidate the Company's granted patents. If Lytix does not succeed in protecting and maintaining its intellectual property, this may have a material adverse effect on Lytix operations, financial position and earnings.

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

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

Lytix is dependent on key personnel

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

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

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

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

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

Most national markets for pharmaceutical drugs are regulated, and drug prices and levels of reimbursement are affected by authorities, other care providers, insurance companies and/or health care 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.

It is in the Company's opinion, that total health care costs have increased in recent decades and governments all over the world are endeavoring to control the costs of health care. There is a risk that the selling prices and/or levels of reimbursement for the Company's products will not reach the levels required in order for the Company's products to be profitable. The selling prices and levels of reimbursement may also vary substantially between different jurisdictions and over time, which may make it difficult for the Company to forecast which products will be profitable over time. A selling price level and/or level of reimbursement that is far too low or variable may overall have an adverse effect on the Company's operations, earnings and financial position.

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

The Company operates in a market that is very competitive, and there is a risk that the Company's competitors may discover, develop and/or commercialize products before, or more successfully, than the Company. The Company's competitors in the market for immunotherapy include not only large pharmaceutical corporations, but also 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, which could limit the Company’s freedom-to-operate, including these entities establishing partnerships with the Company's direct competitors.

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

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

Lytix' commercial opportunities may decrease or be eliminated entirely if one or more of the Company's competitors develop and commercialize 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.

The outbreak of COVID-19 has had, and is expected to continue to have, a severe impact on companies and markets globally and locally

The Company's performance is affected by the global economic conditions in the market in which it operates. The global economy has been experiencing a period of uncertainty since the outbreak of the coronavirus SARS-CoV-2 ("**COVID-19**"), which was recognized as a pandemic by the World Health Organization in March 2020. The outbreak of COVID-19, and the extraordinary health measures and restrictions on local and global basis imposed by authorities across the world, has severally impacted, and are expected to continue to severely impact, companies and markets globally and locally. This may result in a prolonged reduction in the level of activity in the Norwegian and global

economy. A prolonged reduction in activity level may negatively affect the Company's operations going forward, including by affecting the Company's ability to raise capital or secure financing.

Further, the health measures and restrictions, in combination with uncertainty and hospitals potentially prioritizing acute patients, have increased the risk of clinical trials being delayed or stopped. Also, the current COVID-19 vaccination programs could require clinical trial protocol amendments of the Company's products to ensure that the patients' response to the COVID-19 vaccine is not cofounding the clinical data from the Company's products. Such amendments could potentially delay the recruitment rate in the clinical trials, and thus delay the data read-out.

Prospective investors should note that the COVID-19 situation is continuously changing, and new laws and regulations that could directly, or indirectly, affect the Company's operations may enter into force. The effects of the COVID-19 pandemic could negatively affect the Company's revenue and operations going forward, where the severity of the situation and the exact impact on the Company is highly uncertain. As of the date of this Information Document, it is too early to estimate the effects that COVID-19 will have on the Company, its further operations and how it will be affected financially in the long-term.

1.2 Legal and regulatory risk

The Company may be the subject of product liability claims

There is a risk that product liability claims will be brought against the Company in connection with clinical trials of product candidates on humans, and in the subsequent 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). Overall, these factors could have a material adverse effect on the Company's operations, earnings and financial position.

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

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

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

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

In its operations, Lytix is dependent on the Company, and the Company's employees, contractors and partners, respecting and complying with laws and rules in force and with ethical and other applicable norms and standards. Inappropriate or fraudulent conduct, criminal acts or failure to comply with laws and orders in force and with ethical and other applicable norms and standards may have an adverse effect on the Company's operations and reputation.

Such actions may, for example, include failure to obtain and maintain the necessary authorizations and approvals, intellectual property and compliance with rules on, for example, the protection of classified information, personal data and financial reporting, and the respect of ethical norms and standards. Inappropriate conduct, criminal acts or failure to comply with applicable laws and rules as well as ethical norms and standards may damage the Company's operations and reputation, and have an adverse effect on revenues and earnings as a result of, for example, sanctions and penalties under administrative regulations, civil law and/or criminal law.

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

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

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

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

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

The Company's processing of personal data is subject to complex and evolving laws and regulations regarding data protection and privacy (the "**Data Protection Laws**"), including, but not limited, to the General Data Protection Regulation (EU) 20167679 (the "**GDPR**") in the EU/EEA, which has been incorporated into and made part of local law in the jurisdictions in which the Company mainly operates. These general requirements for processing personal data is supplemented by health sector specific laws and regulations for processing health data and supplying services to the health sector, as well as industry code of conducts which the Company's potential customers and partners expect the Company to comply with.

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

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

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

The Company and each investor agree in this Information Document 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 Admission or this Information Document. Consequently, it may not be possible for investors to sue the Company in any other court in relation to the Admission or this Information Document.

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

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

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

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

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

1.3 Risk related to the Company's financial situation

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

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

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

In brief, Lytix' operations are based on conducting research into and developing drugs (and associated activities). Pharmaceutical research and development is a capital-intensive business, and historically Lytix has been financed by new share issues and capital deposits from existing and new investors. Lytix has only limited revenues, and since the Company was established, it has not reported a positive operating result in any fiscal year. In all likelihood Lytix will need further deposits of capital in the future from new and existing investors in order to be able to continue conducting the Company's operations and in order to 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, or divest or out-license all or some of its product candidates. If Lytix fails to procure the necessary capital in the future, this may consequently have a materially adverse effect on Lytix' operations, financial position and earnings.

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

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

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

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

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

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

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

At present, Lytix conducts operations only in Norway. The operations are conducted and performed in accordance with the Company's interpretation and understanding of current tax legislation, tax agreements and other relevant

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

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

Lytix is exposed to foreign currency risk

Lytix is exposed to foreign currency risk, both through ongoing business transactions in different currencies and through the fact that the Company runs clinical trials in different countries. There is a risk that the measures taken by the Company to 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.

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.

1.4 Risk relating to the Shares and the Admission

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

The Company's Shares are not currently tradable on any stock exchange, other regulated marketplace or multilateral trading facility. No assurances can be given that an active trading market for the Shares will develop on Euronext Growth, nor sustain if an active trading market is developed. The market value of the Shares could be substantially affected by the extent to which a secondary market develops for the Shares following completion of the Admission.

An investment in the Shares involves risk of loss of capital, and securities markets in general have been volatile in the past. The trading volume and price of the Shares may fluctuate significantly in response to a number of factors beyond the Company's control, including adverse business and technical developments and prospects, variations in revenue and operating results, changes in financial estimates, announcements by the Company or its competitors of new development or new circumstances within the industry, legal actions against the Company, unforeseen events and liabilities, changes in Management, changes to the composition of shareholders, changes to the regulatory environment in which the Company will operate or general market conditions. The market value of the Shares could also be substantially affected by the extent to which a secondary market develops or sustains for the Shares.

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

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

could affect the value of the Shares and of any dividends paid on the Shares for an investor whose principal currency is not NOK.

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

None of the Shares have been registered under the U.S. Securities Act of 1933 (as amended) (the "**U.S. Securities Act**") or any U.S. state securities laws or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and other applicable securities laws. In addition, there is no assurances that shareholders residing or domiciled in the United States will be able to participate in future capital increases or rights offerings. Further, investors in the United States and other jurisdictions may have difficulty enforcing any judgment obtained in their local jurisdiction against the Company or its directors or executive officers in Norway.

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

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

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

2 RESPONSIBILITY FOR THE INFORMATION DOCUMENT

This Information Document has been prepared solely in connection with the Admission on Euronext Growth.

We declare that, to the best of our knowledge, the information provided in the Information Document is fair and accurate and that, to the best of our knowledge, the Information Document is not subject to any material omissions, and that all relevant information is included in the Information Document.

14 June 2021

The Board of Directors of Lytix Biopharma AS

Gert Wilhelm Munthe
Chairman

Debasish Francois Roychowdhury
Board Member

Per Erik Sørensen
Board Member

3 GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Information Document. No representation or warranty, express or implied, is made by the Euronext Growth Advisors as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Information Document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The Euronext Growth Advisors assume no responsibility for the accuracy or completeness or the verification of this Information Document and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this Information Document or any such statement.

Neither the Company nor the Euronext Growth Advisors, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

3.2 Presentation of financial and other information

3.2.1 Financial information

The Company's audited financial statements for the financial years ended 31 December 2020 and 2019 have been prepared in accordance with Norwegian Generally Accepted Accounting Principles ("**NGAAP**") and the Norwegian Accounting Act of 17 July 1998 no 56 (the "**Norwegian Accounting Act**") (Nw.: *regnskapsloven*) (the "**Financial Statements**"). The Financial Statements have been audited by Ernst & Young AS.

The Company presents financial information in NOK (presentation currency). Reference is made to Section 8 "Selected financial information and other information" for further information.

The Financial Statements are included herein as Appendix B and Appendix C, respectively.

3.2.2 Industry and market data

In this Information Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Information Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Information Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 "Risk factors" and elsewhere in this Information Document.

Unless otherwise indicated in the Information Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

3.3 Cautionary note regarding forward-looking statements

This Information Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Information Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 "Risk factors".

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Information Document.

4 REASONS FOR THE ADMISSION

As of the date of this Information Document, and subject to delivery of the Offer Shares to the investors in the Private Placement on the date of this Information Document, the Company has 382 registered Shareholders. The Company believes that the Admission will facilitate a more diversified shareholder base and enable additional investors to take part in the Company's future growth and value creation, a better access to capital markets, to further improve the ability of the Company to attract and retain key Management and employees, and to more efficiently progress its products into the marketplace.

The expected net proceeds from the Private Placement and the National Placement together with existing cash is expected to finance the Company into 2023, which is beyond the anticipated delivery of first clinical data read-outs from a Phase II study for the lead product, LTX-315, and beyond completion of the pre-clinical package of the follow-on compound LTX-401.

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

- Finance the next clinical trial of LTX-315 in combination with a checkpoint inhibitor in refractory cancer patients in the U.S., a trial which has recently received IND clearance by the FDA, including potential additional clinical trials, either sponsored by the Company or investigators;
- Finance the completion of the ongoing pre-clinical GLP package of LTX-401;
- Finance the completion of the current on-going trial in sarcoma with LTX-315 in combination with adoptive T-cell therapy;
- Manufacture supply material for clinical trials, both for Lytix and for commercial partners, including selective CMC development in preparation for future pivotal clinical trials; and
- Continue collaboration with external commercial and academic partners to increase the data robustness on the Company's products, and to support existing and new strategic partnerships.

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

5 DIVIDENDS AND DIVIDEND POLICY

5.1 Dividend policy

The Company did not pay any dividends during the financial years ended 31 December 2020 and 31 December 2019. The Company is focusing on the development of pharmaceutical products and does not anticipate paying any cash dividend until sustainable profitability is achieved.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in Section 5.2 "Legal and contractual constraints on the distribution of dividends" below, as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

5.2 Legal and contractual constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Private Limited Liability Companies Act of 13 June 1997 no. 44 (as amended) (the "**Norwegian Private Limited Companies Act**"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in force at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Private Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

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

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

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

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

Pursuant to the Norwegian Private Limited Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the General Meeting when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian private limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises. The Norwegian Private Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 11 "Norwegian taxation".

5.3 Manner of dividend payment

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder and will be paid to the shareholders through the VPS Registrar. Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when

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

6 THE PRIVATE PLACEMENT AND THE NATIONAL PLACEMENT

6.1 Introduction

On 7 June and 8 June 2021, the Company's General Meeting and Board of Directors resolved, respectively, to increase the Company's share capital by NOK 1,223,411.60 and NOK 27,777.70, by the issuance of a total of 12,511,893 new Shares (the "**Offer Shares**"), each with a par value of NOK 0.10, at a subscription price of NOK 18 per Offer Share.

The Offer Shares were issued to investors participating in two separate private placements. The first private placement (the "**National Placement**") was directed towards the Company's shareholders as of 20 May 2020 and certain other investors pursuant to a national prospectus dated 20 May 2021. The second private placement (the "**Private Placement**") was directed towards certain investors with the minimum subscription amount being the NOK equivalent of EUR 100,000. The gross proceeds of the National Placement and the Private Placement amount to approximately NOK 225 million. There are no plans for price stabilisation measures in connection with the National Placement, Private Placement or the Admission.

Further details of both the National Placement and the Private Placement are set out below.

6.2 Details of the Private Placement

9,277,777 Offer Shares were issued in the Private Placement, raising gross proceeds of approximately NOK 167 million. The bookbuilding period for the Private Placement took place from 31 May 2021 to 4 June 2021. Notifications of allocation were issued on or about 7 June 2021 and payment for the Offer Shares took place on 9 June 2021 by way of a prepayment arrangement among the Company and the Euronext Growth Advisors, and the share capital increase pertaining to the Private Placement was registered with the Norwegian Register of Business Enterprises (Nw.: *Foretaksregisteret*) on 11 June 2021.

Delivery of the Offer Shares will be made through the facilities of the VPS on or about 14 June 2021.

PBM LYT Holdings, LLC ("**PBM**"), an affiliate of PBM Capital Group, LLC, had, subject to certain conditions, pre-committed to subscribe for Shares for a total amount of NOK 42,500,000 in the Private Placement.

Brynjar Forbergskog had pre-commited to subscribe for Shares for a total amount of NOK 20 million, through Saturn Invest AS (NOK 10 million) and HIFO Invest AS (NOK 10 million).

Terje Johansen had pre-committed to subscribe for Offer Shares for NOK 18 million, through TAJ Holding AS.

Gert W. Munthe, chair of the board, had pre-committed to subscribe for Offer Shares for NOK 5 million, through North Murray AS.

6.3 Details of the National Placement

3,234,116 Offer Shares were issued in the National Placement, raising gross proceeds of approximately NOK 58 million. The National Placement was directed towards the Company's shareholders as of 20 May 2020 and certain other investors in a period until 28 May 2021 pursuant to a national prospectus being dated 20 May 2021. Notifications of allocation were issued on 31 May 2021 and payment for the Offer Shares took place on 8 June 2021. The share capital increase pertaining to the National Placement was registered with the Norwegian Register of Business Enterprises (Nw.: *Foretaksregisteret*) on 10 June 2021.

Delivery of the Offer Shares will be made through the facilities of the VPS on 14 June 2011.

6.4 Use of proceeds

The net proceeds to the Company from the Private Placement and the National Placement will provide the Company with additional funding for the Company's operations and future development, as further described in Section 4 of this Information Document. In addition, the proceeds will be used to cover relevant transaction costs incurred in connection with the Private Placement, the National Placement and the Admission, estimated to amount to approximately NOK 12 million.

6.5 Dilution

For existing shareholders not participating in the Private Placement or the National Placement, the issue of Offer Shares implied a dilution of 32.3%.

6.6 Lock-up

6.6.1 The Company

Pursuant to a lock-up undertaking entered into in connection with the Private Placement, the Company has undertaken to not, without the prior consent of the Euronext Growth Advisors, during a period from the date of the lock-up undertaking and until the day falling 12 months after the later of the completion of the Private Placement and the first day of trading of the Shares on Euronext Growth, (i) issue, offer, pledge, sell, mortgage, charge, deposit, assign, lend, transfer or contract to issue, pledge, sell, mortgage, charge, deposit, assign, lend, transfer any Shares; (ii) issue, offer, pledge, sell or contract to issue or sell any securities convertible into or exercisable or exchangeable for Shares or to issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly any Shares; (iii) enter into any swap or any other agreement or any transaction that has an equivalent effect to clause (i) or (ii) above, whether any such swap or transaction described in clause (ii) above or this clause (iii) is to be settled by delivery of such securities, in cash or otherwise; or (iv) agree or publicly announce any intention of doing any of above.

However, the lock-up undertaking shall not apply to (i) the sale and issue of Shares by the Company in the Private Placement and National Placement, (ii) granting of options, warrants, subscription rights, or issuance of Shares under the Company's option programs and warrants issued to PBM, or (iii) the issuance of consideration shares in connection with settlement of acquisitions of other companies and/or businesses.

The lock-up undertaking is automatically terminated without any effect if the Private Placement has not occurred by 30 June 2021.

6.6.2 Management and key employees

Pursuant to a lock-up undertaking entered into in connection with the Private Placement, the Management and certain key employees have undertaken to not, without the prior consent of the Euronext Growth Advisors, during a period from the date of the lock-up undertaking and until the day falling 12 months after the later of the completion of the Private Placement and the first day of trading of the Shares on Euronext Growth, offer, sell, contract to sell, pledge, mortgage, charge, deposit, assign, lend, transfer, issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any other securities convertible into or exchangeable for Shares or which carry rights to purchase Shares) or enter into any transaction (including a derivative transaction) having an effect on the market in the Shares similar to that of a sale of Shares, or publicly to announce any intention to do any of such things.

The lock-up undertaking of the relevant person applies to (i) all Shares owned by the relevant person as of the date of the lock-up undertaking, (ii) any Shares acquired in the period from the date of the lock-up undertaking to (and including) the day of the Admission, and (iii) any Shares allocated to the relevant person in the Private Placement. However, the lock-up undertaking does not apply to (i) any transfer of Shares to a company majority owned and/or controlled by the undersigned provided that such company (a) assumes the obligations set forth in the lock-up undertaking and (b) remains majority owned and/or controlled by the undersigned for the remaining part of the lock-up period, or (ii) the acceptance of an offer for all Shares in the Company and any transfer of Shares in relation thereto.

The lock-up undertakings are automatically terminated without any effect if the Private Placement has not occurred by 30 June 2021.

6.6.3 Board members

Pursuant to a lock-up undertaking entered into in connection with the Private Placement, the board members have undertaken to not, without the prior consent of the Euronext Growth Advisors, during a period from the date of the lock-up undertaking and until the day falling six months after the later of the completion of the Private Placement and the first day of trading of the Shares on Euronext Growth, offer, sell, contract to sell, pledge, mortgage, charge, deposit, assign, lend, transfer, issue options or warrants in respect of, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any other securities convertible into or exchangeable for Shares or

which carry rights to purchase Shares) or enter into any transaction (including a derivative transaction) having an effect on the market in the Shares similar to that of a sale of Shares, or publicly to announce any intention to do any of such things.

The lock-up undertaking of the relevant person applies to (i) all Shares owned by the relevant person as of the date of the lock-up undertaking, (ii) any Shares acquired in the period from the date of the lock-up undertaking to (and including) the day of the Admission, and (iii) any Shares allocated to the relevant person in the Private Placement. However, the lock-up undertaking does not apply to (i) any transfer of Shares to a company majority owned and/or controlled by the undersigned provided that such company (a) assumes the obligations set forth in the lock-up undertaking and (b) remains majority owned and/or controlled by the undersigned for the remaining part of the lock-up period, or (ii) the acceptance of an offer for all Shares in the Company and any transfer of Shares in relation thereto.

The lock-up undertakings are automatically terminated without any effect if the Private Placement has not occurred by 30 June 2021.

6.6.4 Major Shareholders

Pursuant to a lock-up undertaking entered into in connection with the Private Placement, certain major shareholders[1] have undertaken to not, without the prior consent of the Euronext Growth Advisors, during a period from the date of the lock-up undertaking and until the day falling 6 months after the later of the completion of the Private Placement and the first day of trading of the Shares on Euronext Growth, (i) offer, sell, transfer, pledge, lend, grant any option to purchase or otherwise dispose of, directly or indirectly, any Shares (or any other securities convertible into or exchangeable for Shares or which carry rights to purchase Shares); and (ii) enter into swap agreements or other agreements with a similar economic effect to the transactions referred to in item (i), (iii) publicly announce any intention to effect any transaction of the types specified in item (i) and item (ii).

The lock-up undertaking of the relevant person applies to (i) all Shares owned by the relevant person as of the date of the lock-up undertaking, (ii) any Shares acquired in the period from the date of the lock-up undertaking to (and including) the day of the Admission, and (iii) any Shares allocated to the relevant person in the Private Placement. However, the lock-up undertaking does not apply to (i) any transfer of Shares to a company majority owned and/or controlled by the relevant person provided that such company (a) assumes the obligations set forth in the lock-up undertaking and (b) remains majority owned and/or controlled by the undersigned for the remaining part of the lock-up period, or (ii) the acceptance of an offer for all Shares in the Company and any transfer of Shares in relation thereto.

The lock-up undertaking may be registered as an encumbrance on the Shares held on the undersigned's VPS-account.

The lock-up undertakings are automatically terminated without any effect if the Private Placement has not occurred by 30 June 2021.

PBM has also entered into a lock-up as the major shareholders. PBM's lock-up does also cover any shares subscribed by PBM under its warrants.

[1] Collectively, the shareholders who have undertaken lock-up obligations hold 85.1% of the Company's issued Shares as of the date of this Information Document.

7 BUSINESS OVERVIEW

This Section provides an overview of the Company's business as of the date of this Information Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates, see Section 3.3 "Cautionary note regarding forward-looking statements" above, and should be read in conjunction with other parts of this Information Document, in particular Section 1 "Risk factors".

7.1 Introduction

Lytix 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. Founded in 2003, Lytix main office is in Oslo, Norway, and has collaborations with internationally renowned companies, hospitals and scientists.

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

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

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

Today, Lytix has three compounds in active development:

(i) LTX-315 is a first-in-class oncolytic molecule that is injected into the tumor (intratumoral). The drug candidate is currently in Phase II development and is being investigated in a range of settings. Lytix has two active programs on-going; one upcoming Phase II clinical program where LTX-315 is used in combination with checkpoint inhibitors, which is done in collaboration with M.D. Anderson Cancer Center, and one on-going Phase II program where LTX-315 is used to augment the efficacy of adoptive T-cell therapy at Herlev hospital in Denmark. In this latter program, Lytix has a strategic partner in Iovance Therapeutics[2], a U.S. based biotech company and one of the front-runners in adoptive T-cell therapy to treat cancers. The main indications LTX-315 is being developed towards are advanced head and neck squamous cell carcinoma, advanced breast cancer, malignant melanoma and the orphan disease sarcoma. In addition, the strategic partner Verrica Pharmaceuticals[3] investigates LTX-315 as monotherapy in treatment of non-metastatic skin cancers.

(ii) LTX-401 is a first-in-class oncolytic molecule in final stages of pre-clinical development and is planned to enter the first-in-man study in first half of 2022. LTX-401 is a small molecule, delivered as an intratumoral injection, and was designed to be used towards solid tumors with deep seated lesions as well, and has shown especial promising pre-clinical efficacy against hepatocellular carcinoma.

(iii) LTX-DDT is a newly acquired oncolytic molecule from the University of Tromsø, which is found very promising to be used within veterinary medicine. Lytix has a strategic partnership with U.S.-based Aurelius

[2] Lytix Biopharma.com, press release, November 11, 2019

[3] Lytix Biopharma.com press release, August 12, 2020

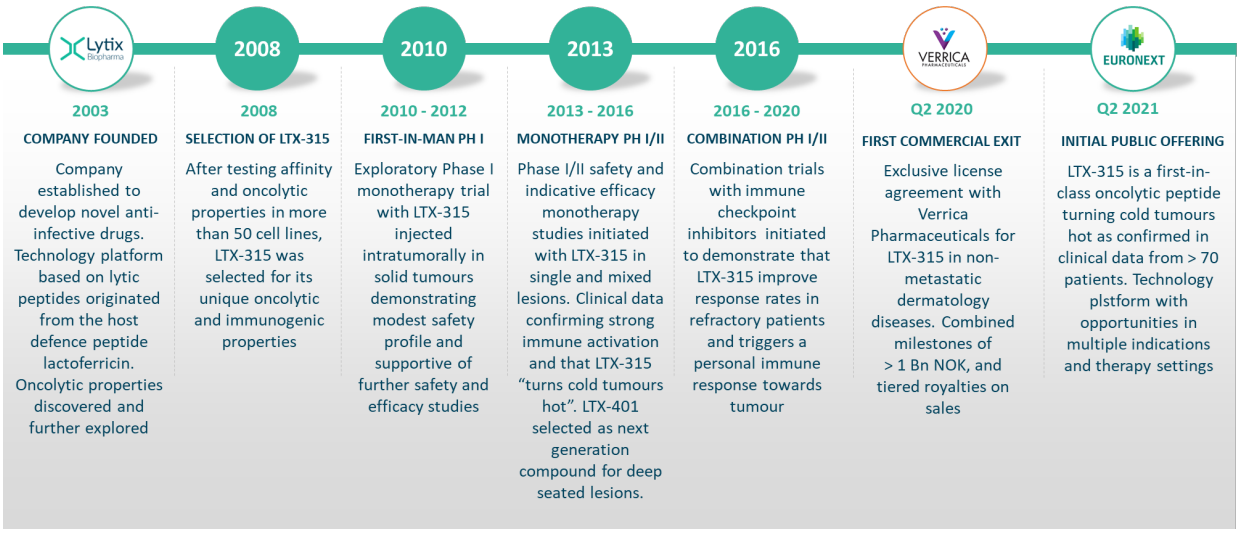
Therapeutics for advancing this molecule towards regulatory approval and veterinary market entry within Canine lymphoma and T-cell therapy.

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

Lytix will follow a strategic plan based on:

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

7.2 History and important events



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

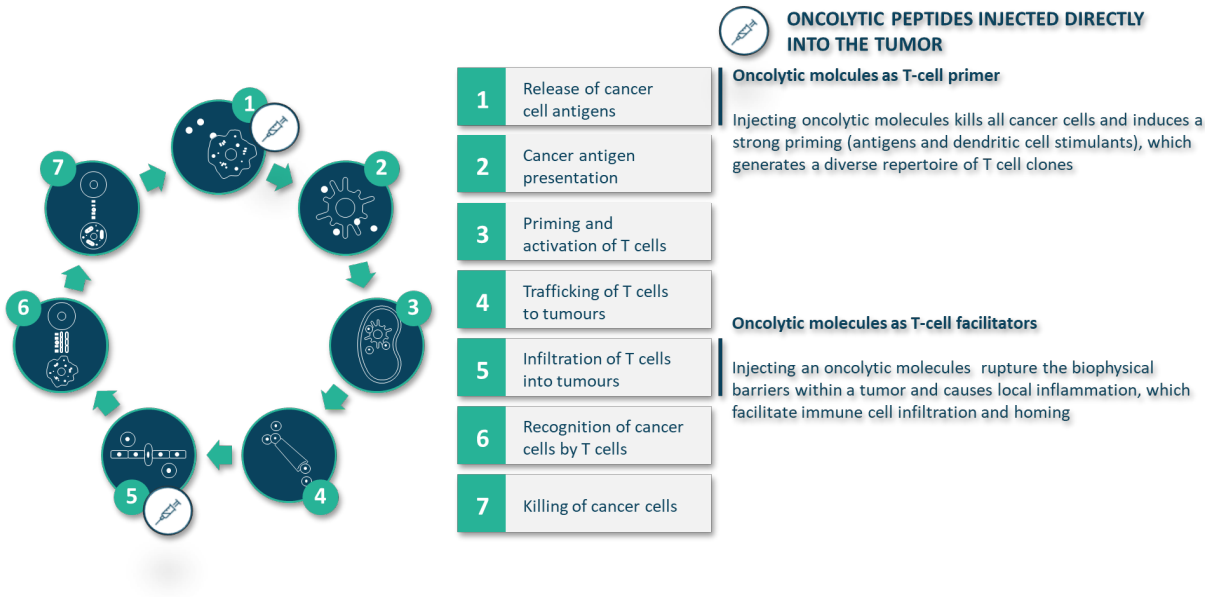
Year	Event
2003	Lytix founded.
2010-2012	First-in-man exploratory Phase I trial – monotherapy – single lesion, all solid tumors.
2013-	Phase I/II trial – monotherapy – multiple lesions, all solid tumors, long schedule.
2014-	Collaboration with Profs. L. Zitvogel and G. Kroemer at Gustave Roussy, Paris.
2015	Redesign of protocol in the Phase I/II trial.
2016	Collaboration with: Prof. M. Pittet at Harvard University, Boston, Dr. J. Oppenheim at the National Cancer Institute, and Prof. G. Mælandsmo at the University of Oslo.
2016	Phase I/II trail amended – multiple lesions, compressed schedule. Monotherapy – all solid tumors. Combination with Yervoy – malignant melanoma. Combination with Keytruda – triple negative breast cancer.
2017	Collaborations with: Dr. S. Demaria at Weill Cornell Medicine, New York, Prof. Schreiber at Washington University, St. Louis, and Prof. B. Brodin at Karolinska Institutet, Stockholm.

2018	Phase II clinical trial – Monotherapy – adoptive T cell transfer (ATCT) setting in sarcoma at Herlev Hospital, Denmark.
2019	First patient recruited in the ATCT study at Herlev Hospital Denmark.
2019	Clinical study report completed for the Phase I/II trial (see below in Section 7.3.2.1).
2019	Nobel laureate Dr. Jim Allison and Dr. Pam Sharma appointed as strategic advisors and members to the scientific advisory board.
2019	Entered into a clinical Collaboration agreement with Iovance Biotherapeutics.
2020	Entered into a licensing agreement with Verrica Pharmaceuticals for LTX-315 in dermatologic oncology indications.
2020	Started GLP-preclinical package of LTX-401.
2020	Entered into a licensing agreement with University of Tromsø of LTX-DDT oncolytic molecule.
2020	Entered into a development collaboration agreement with Aurelius Therapeutics.
2021	IND approved for LTX-315 in combination with Keytruda.
2021	Phase II clinical trial – combination therapy – all comers in combination with Keytruda at M.D. Anderson Cancer Center, Houston, Texas.

7.3 Business overview

7.3.1 Technology background

Lytix' oncolytic molecules work as a form of immune therapy and 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. Lytix' oncolytic molecule portfolio consists of both peptides and small molecules that are injected directly into solid tumors through a standard syringe and subsequently kill cancer cells in such a way that the immune system becomes activated (immunogenic cell death) and recognizes the patient's tumor specific antigens.



The oncolytic molecules are developed for intratumoral treatment, i.e. by injection directly into the tumor. The oncolytic molecules cause lysis of the cancer cell membranes and target mitochondria and intracellular organelles. This results in a rapid cell death in an immunogenic fashion with release of immunostimulants and tumor-specific antigens. Professional antigen presenting cells become activated and present tumor antigens to- and prime T cells, resulting in polyclonal T cell response and subsequent infiltration into the tumor[4]. As the oncolytic molecules unique mode of action enables a significant increase of immune cells infiltrating the tumor, they are also ideal in combination with several other immunotherapies, such as checkpoint inhibitors and cell therapy, where lack of immune cell infiltration is one of the major hurdle for these therapies to be effective.

Solid tumors often have a high degree of tumor heterogeneity, which is a result of new mutations over time resulting in a high number of different cancer cells within a tumor. Tumor heterogeneity constitute a considerable obstacle to

[4] Adapted from Chen, D.S. & Mellaman, I. Immunity 39:1-10, 2013

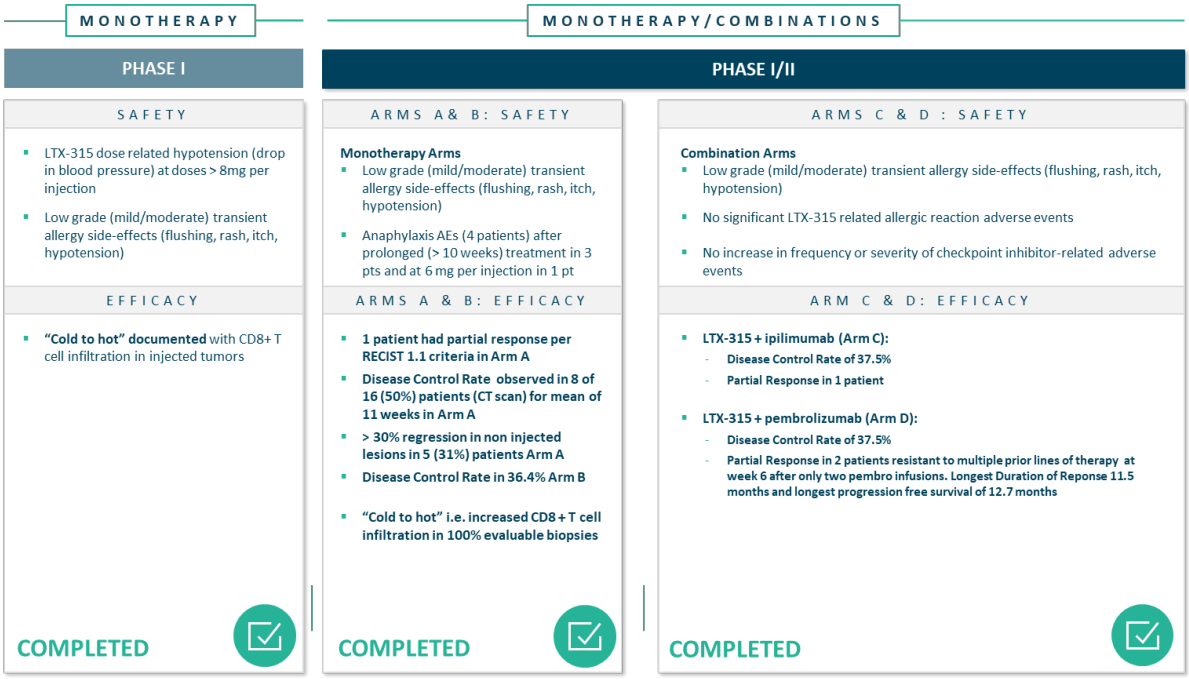
the success of cancer therapy. Since oncolytic molecules are effective against both drug-resistant and drug-sensitive cancer cells they may represent a new promising approach for targeting tumor heterogeneity.

7.3.2 Assets

7.3.2.1 LTX-315

LTX-315 is the lead asset and is a small peptide developed from bovine lactoferricin. It is a first-in-class oncolytic molecule that is developed for intratumoral treatment, i.e. it is administered by direct injection into the tumor. Preclinical studies have demonstrated that intratumoral treatment of solid tumors with LTX-315 results in growth inhibition, complete regression and long-lasting tumor-specific immunity[5]. The studies also confirmed that LTX-315 increases the number of tumor-infiltrating T cells in the tumor microenvironment.

LTX-315 has in addition undergone a comprehensive early stage clinical development in heavily pre-treated patients and is in clinical Phase II for several indications. The early stage clinical studies conducted so far strongly signals that LTX-315 is a highly potent drug with the ability to create systemic effects based on local intratumoral injection as monotherapy[6]. The studies also show that one of the key features of LTX-315, to promote infiltration of a broad repertoire of T cell into the patients' tumors[7]. The studies conducted so far have shown that LTX-315 is safe enough to continue progression towards approval, and they have also enabled Lytix to determine the optimal dose regimen.



7.3.2.2 LTX-401

LTX-401 is a drug candidate that was included in the development program in 2015 and has demonstrated potential for treatment of deep-seated tumors, such as e.g. hepatocellular carcinoma and liver metastases. In several experimental animal models, LTX-401 induces complete regression after intertumoral injection with a subsequent development of a systemic immune protection in cured animals[8]. LTX-401 has been shown to be effective when combined with checkpoint inhibitors [9] and has demonstrated a significant efficacy in liver cancer models (hepatocellular carcinoma)[10].

[5] Haug *et al*, J. Med. Chem.,. 59:2918-2927, 2016.
[6] Camilio *et al*, Cancer Immunol. Immonother., 63:601-613, 2014
[7] Spicer *et. al*. Clinical Cancer Research 2021
[8] Eike *et al*, PLoS One 11:e0148980, 2016
[9] Xie, W. et al. Oncoimmunology, 8(7):1594555, 2019
[10] Mauseth, B. et al. Mol Ther Oncolytics 14:139-148, 2019.

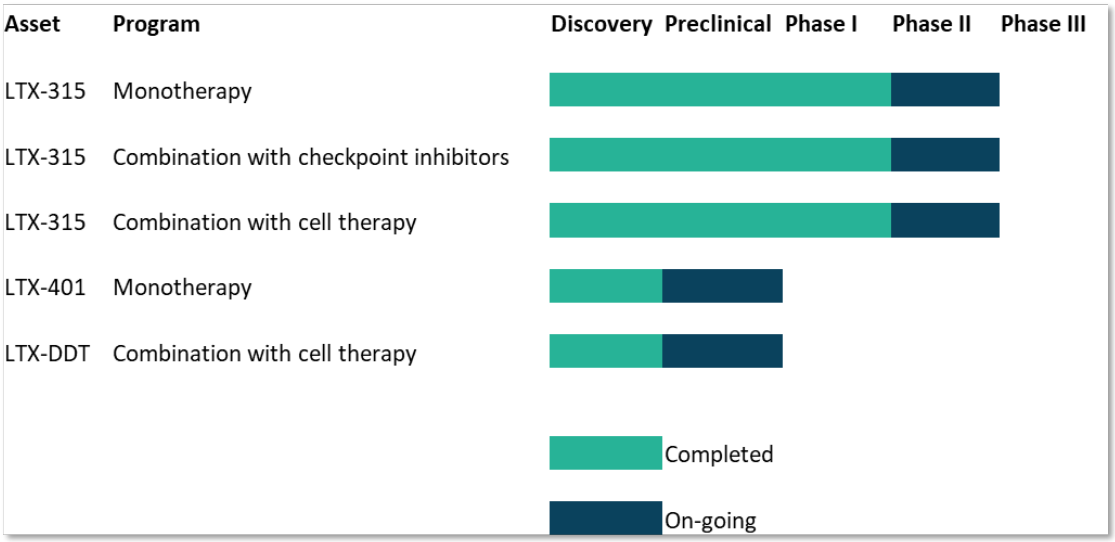
7.3.2.3 LTX-DTT

LTX-DDT is the latest addition to the portfolio and is an oncolytic peptide that is to be investigated for treatment of canine lymphoma. Lytix and Aurelius Biotherapeutics (U.S.) have signed a mutual clinical research collaboration aiming at the veterinary medicine market.

7.3.3 Development program

Lytix' technology platform may benefit the lives of patients across many cancer types with accessible lesions. The ongoing and planned clinical trials cover various skin cancers, including malignant melanoma, head and neck squamous cell carcinoma, breast cancer, sarcoma, colorectal cancer and hepatocellular carcinoma, all with a high unmet medical need.

The program progresses the oncolytic molecules both as monotherapies, as a combination partner to checkpoint inhibitors and as an adjunct to cell therapy. LTX-315 as monotherapy is being developed by strategic partner Verrica Pharmaceuticals for non-metastatic skin cancers. Lytix' up-coming Phase II trial with LTX-315 in combination with the checkpoint inhibitor pembrolizumab will be conducted in the US as a single-arm all-comers trial in patients with metastatic solid tumors. First read-out of this trial is expected in 2022 and final readout is expected in 2023. Lytix' is furthermore finalizing its single-center clinical trial investigating LTX-315 in combination with adoptive T-cell therapy, conducted on a small number of patients with sarcoma, a very hard to treat rare cancer. The Company is furthermore progressing its follow-on compound LTX-401 through the final pre-clinical GLP studies and expects to apply to start a first-in-man clinical study in 2022. The final compound in development is LTX-DDT, a project within veterinary medicine, and is being investigated by strategic partner Aurelius Biotherapeutics.



7.4 Market background

Lytix' oncolytic molecules is a class of drugs within the immune oncology space used to treat cancer. In 2018, there were approximately 18.1 million people worldwide diagnosed with cancer. This number is expected to increase by 63% over the next two decades, meaning 29.5 million people will be diagnosed with cancer each year by 2040[11]. The increase in incidence is explained by an increase in life expectancy (most cancers occur in people above the age of 60 years) and improved diagnostics, meaning many cancers are diagnosed at an earlier stage. Early diagnosis offers the opportunity for more successful treatment of cancer and potentially cures. 23% of the cancer cases worldwide occur in Europe, 13% in North America and approximately 48% of the cancer cases in the world appear in Asia[12].

[11] National Cancer Institute, Cancer Statistics, 25th of Sept 2020
[12] GLOBOCAN, (gco.iarc.fr), Cancer Statistics 2018

The current cancer therapies include surgery, chemotherapy, targeted therapy, radiotherapy, hormonal therapy, and most recently immunotherapy. The different treatment modalities may be combined, which has been shown to improve patient outcomes.

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

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

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

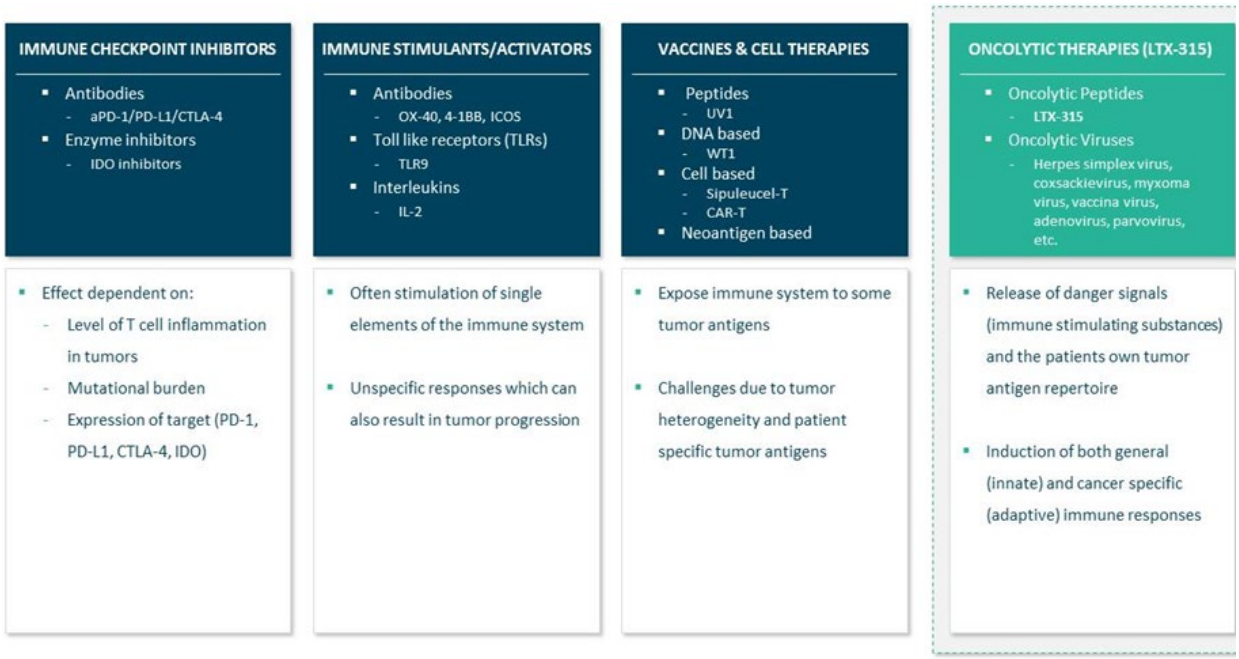
Hormonal therapy slows or stops the growth of cancers that need hormones to grow, by blocking the effect of specific hormones that stimulate tumor growth. Hormonal therapy falls into two broad groups, those that block the body's ability to produce hormones and those that block the hormones' effect on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

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

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

7.4.1 Types of cancer immunotherapy

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



Immune checkpoint inhibitors

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

Immune stimulants/activators

Immunostimulants are molecules that stimulate the immune system to boost general activity rather than boosting specific activity against specific targets on cancer cells. 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 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 mostly administered locally into the tumor. Oncolytic viruses and oncolytic peptides are both oncolytic therapies.

7.4.2 Competitive landscape within oncolytic therapy

Lytix' oncolytic molecules work in synergy with immune check inhibitors, immune stimulants and cell therapies. The main competitors are found within the class of oncolytic viruses. Oncolytic virus therapy is based on the concept of using live viruses to selectively replicate in cancer cells, with minimal destruction of normal tissue. Replication amplifies the input dose of the oncolytic virus and helps spread the agent to adjacent tumor cells. The first gene-based products were Gendicine® and Oncorine®, which entered the Chinese market in 2003 and 2006, respectively. However, after more than 10 years in the market, the products are still only approved in China and have a combined sale of only USD ~8 Million in 2017[13]. The only oncolytic virus approved in Western world is Imlygic™ marketed by Amgen. Imlygic™ was approved in 2015 as monotherapy in advanced melanoma, but still only has a world-wide sale of between 60-80 Mn USD[14]. The limited commercial success of oncolytic viruses so far is mainly driven by biological issues related to viral tropism, delivery platforms, viral distribution, dosing strategies, antiviral immunity, and oncolysis.

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

Next Generation Therapies and related Life Science topics, Deloitte, 2020

[14] Annual sales report Imlygic™, GlobalData.com, 2020

Oncolytic molecules offer a number of advantages compared with the better-known class of oncolytic viruses

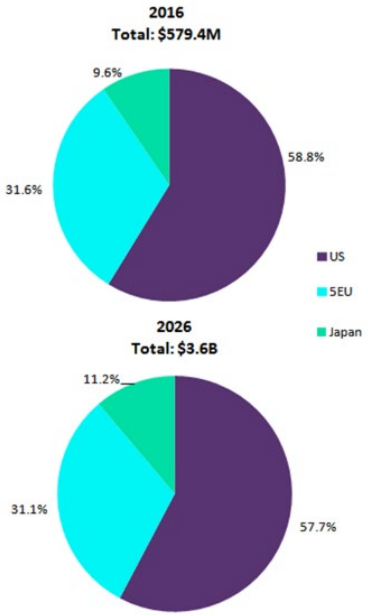
Type of comparison	Oncolytic virus	Oncolytic molecules
Manufacturing and handling	*-70 ^{0}C, require virus handling procedures and certified treatment facilities*	*2-8 ^{0}C, powder; standard manufacturing techniques, no special requirements for handling*
Therapy target	*Specific uptake via receptors, dependent on level of expression*	*Target membrane components independent of specific receptors*
Immune responses	*Antiviral and tumor specific immune responses*	*Tumor specific immune responses only*
Risk of development of neutralizing antibody (deactivation of the drug)	*High, due to high immunogenicity*	*Low due to poor immunogenicity (small molecule)*
Risk of Adverse Advents (AEs)	*Uncontrolled virus replication may cause viremia and liver dysfunction, can cause latent infections that manifest as long-terms AEs*	*No SAE to date with current used dose regime*
Competitive landscape	*Crowded competitive landscape, a few assets approved and > 20 assets in clinical development*	*Limited number of oncolytic molecules in development, all at early clinical stage*

7.4.3 Key indications for Lytix' oncolytic molecules

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

Head and Neck Squamous carcinoma (advanced/metastatic)

Head and neck cancer are 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. The incidence in the seven key markets in 2026 is estimated to be 130,000 new cases per year with 80,000 of these new annual cases with stage III-IV disease valued[15] at around 3.5 Bn USD in total driven by the update of checkpoint inhibitors. Standard therapy is to receive a platinum-based chemotherapy backbone with either an EGFR targeting medicine or a checkpoint inhibitor on top.



Of the 80,000 patients per year with stage III-IV disease, around 65%, or 55.000 patients, have percutaneously accessible lesions suitable for injection with an oncolytic molecule[16].

Breast cancer (advanced/metastatic)

[15] GlobalData.com, Head and Neck Squamous Cell Carcinoma, Opportunity Analysis and Forecasts to 2026, March 2018
[16] IMS Consulting Group, market survey 2015

In 2026, the incidence of invasive breast cancer in the eight key markets is estimated to be around 1 million, with around 200,000 of these patients having stage III-IV disease at time of diagnosis[17]. The two markets with the highest shares of patients will be the U.S. and China, with 30% of the patients each. Patients are stratified according to expression of the human epidermal receptor type 2 (HER2) and expression of hormone receptors. The patients then receive a cocktail usually consisting of chemotherapy, a HER2 targeting agent and an aromatase inhibitor. The HER2 negative population accounts for around 85 % of the total and is calculated to be worth more than 12 Bn USD in 2028.

Of the patients with stage III-IV disease, around 20% is estimated to have accessible lesions, which constitute around 50,000 patients per year[18].

Malignant melanoma (advanced/metastatic)

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

In 2026, the annual incidence of melanoma diagnosis in the seven major markets is estimated to be around 200,000 patients, with 21,000 patients diagnosed with stage III and IV disease, this means a market with a total value of 5.5 Bn USD[19]. Patients are stratified according to BRAF V600 mutational status, and current standard of care is either to receive a drug cocktail targeting the specific mutation, or a cocktail consisting of checkpoint inhibitors. Response rates to immuno-oncology varies from 10–40% with monotherapy up to 60% with checkpoint inhibitor combinations.

95% of the patients will have accessible lesions and are eligible for oncolytic molecule treatment, thus the total addressable market in stage III and IV melanoma is estimated to be around 20,000 patients annually in the seven major markets[20].

Soft tissue sarcoma (advanced/metastatic)

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

Most soft tissue sarcomas have accessible lesions, and it is estimated that around 5,000 patients will be eligible for therapy with LTX-315 per year[21].

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

7.5 Intellectual property rights

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

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

[17] GlobalData.com, HER2-negative breast cancer: Global drug forecast and market analysis to 2028, February 2020
[18] IMS Consulting Group, market survey 2015
[19] GlobalData.com, Melanoma – Global drug forecast and market analysis to 2026, 2017
[20] IMS Consulting Group, market survey 2015
[21] BackBay Market Report – December 2018

PRODUCT/COMPOUND	CLAIM TYPES	EP (EU/EEA+)	US	JP	OTHER (*PENDING)
LTX-315 WO 2010/060497	Composition-of-matter claims	**Granted** expires 2029	**Granted** expires 2032	**Granted** expires 2029	AU, BR*, CA, CN, IN, KR, NZ, RU, SG
LTX-315 **Combination w. Checkpoint Inhibitors** WO 2016/091487	Methods-of-use claims	**Granted** expires 2035	**Pending** expires earliest 2035	**Granted** expires 2035	AU, AU2*
LTX-315 **Combination w. Chemotherapeutics** WO 2016/091490	Methods-of-use claims	**Pending** expires 2035	**Pending** expires earliest 2035	**Granted** expires 2035	AU*
T-Cell Clonality WO 2017/134175	Methods-of-use claims	**Pending** expires 2037	**Pending** expires earliest 2037	**Pending** expires 2037	AU*, CN*, KR*
LTX-401 WO 2011/051692	Composition-of-matter claims	**Granted** expires 2030	**Granted** expires 2030	**Granted** expires 2030	AU, BR*, CA, CN, IN, KR, NZ, RU, RU2, SG
Anti-lymphoma compounds exclusively licensed from UiT WO 2015/118028	Composition-of-matter claims	**Granted** expires 2035	**Granted** expires 2035	**Granted** expires 2035	CA*

Additional exclusivity Europe/EEA:	**up to 5.5 years patent term extension and 10 years market exclusivity from approval of a drug comprising LTX-315 or LTX-401 or the anti-lymphoma compound**
Additional exclusivity USA:	**up to 5 years patent term extension and up to 5.5 years market exclusivity from FDA approval of a drug comprising LTX-315 or LTX-401 or the anti-lymphoma compound**

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

7.6 Collaborations and Scientific 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 and Ass. Prof. Laurenzo Galluzzi), Lytix is further investigating how the immune system is responding to its oncolytic molecules alone and in combinations. These strong collaborations are confirming the potential of LTX-315 becoming one of the cornerstones in future combination therapies within immuno-oncology.

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

- Sudhir Agrawal (visiting prof. University of Massachusetts Medical School);
- James Allison (M.D. Anderson Cancer Center);
- Robert Andtbacka (University of Utah School of Medicine);
- Sandra Demaria (Cornell University);
- Aurélien Marabelle, (Institut Gustave-Roussy);
- Pam Sharma (M.D. Anderson Cancer Center); and

7.7 Material contracts

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

Verrica Pharmaceuticals, Inc.

On 11 August 2020 Lytix announced that it had entered into an exclusive worldwide license agreement with Verrica Pharmaceuticals Inc. (Verrica) (NASDAQ: VRCA), to develop and commercialize LTX-315 for dermatologic oncology

indications. Verrica is a dermatology therapeutics company developing medications for skin diseases requiring medical interventions. The company intends to focus initially on basal cell and squamous cell carcinomas as the lead indications for development of LTX-315.

Under the terms of the agreement, Lytix is entitled to receive an upfront payment, contingent regulatory milestones based on achievement of specified development goals, and sales milestones, with aggregate payments of up to USD 113.5 million, of which the upfront and the first regulatory milestone payments totals USD 2.5 million, in addition to tiered royalties based on worldwide annual sales. The agreed upon royalty rates start in the low double digits and increase to the mid-teens based on net sales achieved. In Q1 2021, the Company received the first milestone payment. The next milestone payment is not expected to occur in 2021.

Verrica is solely responsible for the development, regulatory filings, and commercialization of LTX-315 in dermatology, while Lytix is responsible for manufacturing the active pharmaceutical ingredient. The license includes worldwide rights for Verrica to develop and commercialize LTX-315 for all malignant and pre-malignant dermatological indications, except for metastatic melanoma and metastatic Merkel cell carcinoma.

Iovance Biotherapeutics, Inc.

On 10 November 2019 Lytix announced a clinical collaboration with the U.S.-based company Iovance Biotherapeutics, Inc. ("**Iovance**") (NASDAQ: IOVA), a late-stage biotechnology company developing novel cancer immunotherapies based on tumor infiltrating lymphocyte (TIL) technology, to evaluate Lytix`s first-in-class oncolytic peptide, LTX-315, in combination with Iovance's autologous ready to infuse T-cell therapy.

Iovance intends to improve patient care by making T-cell based immunotherapies broadly accessible for the treatment of patients with solid tumors and blood cancers. Tumor infiltrating lymphocyte (TIL) therapy uses a patient's own immune cells to attack cancer. TIL cells are extracted from a patient's own tumor tissue, expanded through a proprietary process, and infused back into the patient. After infusion TILs reach tumor tissue where they attack tumor cells.

The start-up of the Iovance study will follow up, and depend on, the data generated from the proof of concept study in sarcoma currently ongoing at Herlev Hospital in Denmark with Lytix as sponsor. The collaboration will be focused on evaluating LTX-315 in combination with Iovance's autologous ready to infuse T-cell therapy. These two technologies represent an ideal combination for generating high numbers of cancer specific T cells for each cancer patient.

The collaboration is a non-exclusive collaboration where both parties will maintain ownership of their own assets.

Aurelius Biotherapeutics Inc. / The Norwegian Arctic University in Tromsø

On 29 March 2021 Lytix announced an exclusive license for a new class of oncolytic molecules from the Norwegian Arctic University in Tromsø and the launch of a collaboration with the U.S.-based company Aurelius Biotherapeutics, Inc. ("**Aurelius**"), a veterinary medicines company developing novel cancer therapies to combat canine cancer.

Under the terms of the collaboration, Aurelius shall investigate, in a canine study, one of the oncolytic molecules described in the patent that Lytix has exclusively licensed from the Norwegian Arctic University in Tromsø to evaluate the feasibility of the molecule towards this segment. The agreement includes an option for Aurelius to negotiate a subsequent license to the compound for sale and use within veterinary medicine.

7.8 Related party transactions

Below is a summary of the Company's related party transactions for the periods covered by the historical financial information included in this Information Document and up to the date of this Information Document.

On 3 December 2019, the Company entered into a consulting agreement with North Murray AS, a company controlled by Gert W. Munthe, chairman of Board of Directors. At the time, the Company had several tasks that could not be solved by the administration or the Board within the framework of what the administration or the Board normally handles. To resolve this extraordinary need, the Company entered into a customary consultancy agreement with North Murray AS for the period until August 2020. Gert W. Munthe/North Murray AS were providing services to the

Company to strengthen the Management team in processes such as capital raises and partnering. The consultancy agreement was considered entered into on arm's length terms.

Other than as set out above, the Company has not entered into any related party transactions in the period from 1 January 2018 and up until the date of this Information Document.

7.9 Legal and arbitration proceedings

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

8 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

8.1 Introduction and basis for preparation

The Financial Statements has been prepared in accordance with NGAAP and the Accounting Act. The Financial Statements have been audited by the Company's independent auditor, Ernst & Young AS, as set forth in the auditor's report, which is included in the Financial Statements (see Appendix B and Appendix C). The auditor's reports do not include any qualifications.

The selected financial information presented in Section 8.2 to Section 8.6 below has been derived from the Financial Statements and should be read in connection with, and is qualified in its entirety by reference to, the Financial Statements attached to the Information Document as Appendix B and Appendix C.

8.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, please see note 1 in each of the Financial Statements, attached as Appendix B and Appendix C.

8.3 Selected statement of income

The table below sets out selected data from the Company's audited income statement for the year ended 31 December 2020, with comparable figures for the year ended 31 December 2019.

	Year ended 31 December	
In NOK thousand	**2020 NGAAP** *(audited)*	**2019 NGAAP** *(audited)*
Revenue	3	310
Other operating income	6,675	6,388
Total operating income	**6,678**	**6,698**
Payroll and related expenses	(23,416)	(20,903)
Direct R&D expenses	(16,008)	(14,021)
Other expenses	(9,626)	(5,535)
Total operating costs	**(49,050)**	**(40,470)**
Loss from operations	**(42,372)**	**(33,773)**
Financial expenses	(331)	(338)
Financial income	615	884
Net financial items	**284**	**546**
Profit before tax	**(42,088)**	**(33,227)**
Tax expense		-
Profit for year	**(42,088)**	**(33,227)**

8.4 Selected statement of financial position

The table below sets out selected data from the Company's audited balance sheet for the year ended 31 December 2020, with comparable figures for the year ended 31 December 2019.

	Year ended 31 December	
In NOK thousand	**2020 NGAAP** *(audited)*	**2019 NGAAP** *(audited)*
CURRENT ASSETS		
Trade and other receivables	4,168	4,638
Cash and cash equivalents	28,450	12,796
Total current receivables	**32,617**	**17,434**
TOTAL ASSETS	**32,617**	**17,434**

In NOK thousand	Year ended 31 December 2020 NGAAP *(audited)*	Year ended 31 December 2019 NGAAP *(audited)*
SHAREHOLDERS EQUITY AND LIABILITIES		
ISSUED CAPITAL AND RESERVES		
Share capital	2,623	2,289
Paid-in share capital, unregistered	-	-
Share premium reserve	17,266	11,291
TOTAL EQUITY	**19,889**	**13,580**
LIABILITIES		
CURRENT LIABILITIES		
Trade payables	3,284	-
Other current liabilities	9,444	3,854
TOTAL CURRENT LIABILITIES	**12,728**	**3,854**
TOTAL LIABILITIES	**12,728**	**3,854**
TOTAL EQUITY AND LIABILITIES	**32,617**	**17,434**

8.5 Selected statement of cash flows

The table below sets out selected data from the Company's audited statement of cash flows for the year ended 31 December 2020, with comparable figures for the year ended 31 December 2019.

In NOK thousands	Year ended 31 December 2020 NGAAP *(audited)*	Year ended 31 December 2019 NGAAP *(audited)*
Cash flows from operating activities		
Loss for the period	(42,088)	(33,227)
Adjustments for:		
Share-based payment expense	8,397	5,762
Increase/decrease in trade and other receivables	471	4,640
Increase/decrease in trade and other payables	(8,874)	(13,995)
Cash generated from operations	**(24,347)**	**(36,820)**
Income tax paid	-	-
Net cash flows from operations	**(24,347)**	**(36,820)**
Financing activities		
Proceeds from share issue	40,000	(5)
Net cash flow from financing activities	**40,000**	**(5)**
Net increase/(decrease) in cash and cash equivalents	15,653	(36,825)
Cash and cash equivalents at beginning of period	12,796	49,621
Cash and cash equivalents at end of period	**28,450**	**12,796**

8.6 Selected statement of changes in equity

Changes in equity is presented in the equity note of the Financial Statements as of and for the year ending on 31 December 2020 and 2019. An overview is included below.

In NOK thousand	Share capital	Share premium	Paid-in share capital	Total
Equity at 1 January 2019	**2,249**	**34,801**	**4,000**	**41,051**
Registration of share issue	40	3,960	(4,000)	-
Loss for the period	-	(33,227)	-	(33,227)
Share based payments	-	-	-	5,762
Administration charges from share issue	-	(5)	-	(5)

In NOK thousand	Share capital	Share premium	Paid-in share capital	Total
Equity at 31 December 2019	**2,289**	**11,291**	**-**	**13,580**
Registration of share issue	333	39,667	-	40,00
Loss for the period		(42,088)	-	(42,088)
Share based payments		8,397		8,397
Equity at 31 December 2020	**2,623**	**17,266**	**-**	**19,889**

8.7 Financial trends

8.7.1 General financial trend over the last two years

The Company has not experienced any changes or trends that are significant to the Company between 31 December 2020 and the date of this Information Document, nor is the Company aware of such changes or trends that may or are expected to be significant to the Company for the current financial year.

8.7.2 Significant changes in the Company's financial or trading position

Other than the licensing agreement with Verrica Pharmaceuticals, Inc., the Company has not carried out any transactions after the last audited financial statements that represent a change of more than 25% in its total assets, revenue or profit or loss.

8.8 Material borrowings and grants

The Company has no interest-bearing debt and no loan agreements involving covenants or other financial instruments or requirements.

The Company has in the past received funding from the Research Council of Norway under the "Innovation project for the industrial sector program" (BIA). In 2020, the Company received NOK 1.2 million in funding. The Company may receive up to NOK 2.26 in funding for 2021, depending on the costs for the Company's research. The BIA program was extended from 2020 to 2021 due to Covid-19.

The Company has also received funding through "Skattefunn" (Tax Deduction Scheme for Companies with Research and Development Projects). In 2020, the Company received funding of NOK 3.2 million. The Company will also receive funding from Skattefunn in 2021 and expect the funding to exceed what was received in 2020. The Company contemplates to apply for new funding in 2022 (for a new three years period).

8.9 Working capital statement

The Company is of the opinion that the working capital available (including the proceeds from the Private Placement and the National Placement) is sufficient for the Company's present requirements, for the period covering at least 12 months from the date of this Information Document.

8.10 Near-term financial reporting

Following the publication of this Information Document, the Company expects to publish its interim financial statements for the first half of 2021 on or around 27 August 2021 and the quarterly report for the three months ended 30 September 2021 on or around 25 November 2021.

9 THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND CONSULTANTS

9.1 Introduction

The General Meeting is the highest decision-making authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings and to table draft resolutions for items to be included on the agenda for a General Meeting. As at the date of the Information Document, the date of the first annual General Meeting following the application for the Admission has not been set, but is expected to be on or about 6 April 2022.

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

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

9.2 The Board of Directors

9.2.1 General

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

The Company's registered business address, Hoffsveien 4, N-0275 Oslo, Norway, serves as business address for the members of the Board of Directors in relation to their directorship in the Company.

9.2.2 The composition of the Board of Directors

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

Name	Position	Served since	Term expires	Shares held	Options held
Gert Wilhelm Munthe.....	Chairman	2014[1]	AGM 2022	2,810,359[2]	300,000
Debasish Francois Roychowdhury[3]	Board Member	2015	First day of the Admission	0	0
Per Erik Sørensen[3]	Board Member	2019	First day of the Admission	0	0
Brynjar Forbergskog[4].....	Board Member	2021	AGM 2023		0
Marie-Louise Fjällskog[4]	Board Member	2021	AGM 2023	0	0
Jayson Rieger[4].....	Board Member	2021	AGM 2023	0	0
Evelina Vågesjö[4]	Board Member	2021	AGM 2023	0	0
Kjetil Hestdal[4].....	Board Member	2021	AGM 2023	0	0

1 Gert Wilhelm Munthe has held the position as chairman of the Board of Directors since December 2019.
2 The Shares are held through North Murray AS, a company controlled by Gert Wilhelm Munthe.
3 Debasish Francois Roychowdhury and Per Erik Sørensen will resign as of the first day of the Admission.
4 Elected as a new Board Member at the annual General Meeting on 7 June 2021, effective from the first day of trading on Euronext Growth Oslo.

9.2.3 Brief biographies of the Board Members

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

Gert Wilhelm Munthe, Chairman

Gert Wilhelm Munthe is chairman in North Murray AS, the second largest shareholder in Lytix. He is also the chairman and founding partner of Herkules Capital, an Oslo-based, Nordic, mid-market private equity firm. Mr. Munthe held for a period the position as CEO of Nycomed Imaging (later acquired by GE Healthcare), overseeing the development, launch and marketing of three imaging products that all reached blockbuster sales. Further, he held the position as chairman of Pronova (later acquired by BASF) from 2004 to 2013, monitoring the regulatory approval of and market launch of Omacor/Lovaza, which, through licensees, reached blockbuster sales.

Debasish Francois Roychowdhury, Board Member

Debasish Francois Roychowdhury is a recognized leader within 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. During his time in the pharmaceutical industry, he has been involved in the approval of nine new drugs, several IND filings and supplementary approvals. Mr. Roychowdhury was the Senior Vice President and Head of the Global Oncology Division at Sanofi from 2009 to 2013. Further, for a period he was the Vice President and Head of Clinical Development at GlaxoSmithKline. Mr. Roychowdhury has also served as Chief Medical Officer for Ra Pharmaceuticals and Seragon Pharmaceuticals.

Per Erik Sørensen, Board Member

Per Erik Sørensen is a senior equity Partner at Willis Towers Watson Denmark, which is a leading Global Risk Consulting organization. Mr. Sørensen has more than 20 years' experience as a senior executive from both international management consulting houses and Nordic top tier corporations, including Big Pharma.

Brynjar Forbergskog, Board Member

Brynjar Forbergskog is the CEO of his privately owned investment company, in addition to being a board member of several companies. From 1989 to 2019 he was the CFO (1989-2005) and CEO (2005-2019) of Torghatten ASA. During Forbergskog's tenure as CFO/CEO, Torghatten ASA grew from being a small locally based provider of transport services into being one of the Nordics' largest providers of transport services, with more than 7000 employees and an annual turnover of more than NOK 11 billion.

Prior to joining Torghatten ASA, Brynjar Forbergskog was an external auditor.

Marie-Louise Fjällskog, Board Member

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

Jayson Rieger, Board Member

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

Evelina Vågesjö, Board Member

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

Kjetil Hestdal, Board Member

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

9.2.4 Indemnification of Board Member

The Company has agreed to indemnify and hold harmless PBM's representative on the Board of Directors from and against all claims, demands, liabilities, damages, costs and expenses incurred or sustained by such Board Member in the execution and discharge of his duties as a Board Member and deputy board member, including all his costs and expenses incurred in connection with the investigation of, preparation for or defense of, any pending or threatened litigation or claim.

9.3 Management

9.3.1 General

As of the date of this Information Document, the Company's senior management team consists of five individuals. The names of the members of the Management and their respective positions are presented in the table below.

Name	Position	Employed since	Shares held	Options held
Øystein Rekdal	Chief Executive Officer	11 September 2019	118,630	983,516
Gjest Breistein.....	Chief Financial Officer	1 September 2018	11,112	262,271
Baldur Sveinbjørnsson.....	Chief Scientific Officer	1 December 2019	4,280	393,407
Jørund Sollid	Chief Business Officer	15 September 2020	2,000	196,703
Gry Stensrud.....	Chief Technical Officer	1 March 2021	5,000	196,703

The Company's registered business address, Hoffsveien 4, 0275 Oslo, Norway, serves as business address for the members of the Company's senior management team in relation to their employment with the Company.

9.3.2 Brief biographies of the Management

Øystein Rekdal, Chief Executive Officer

Øystein Rekdal is a co-founder of Lytix and has an extensive research background within tumor immunology, oncolytic peptides and their abilities to induce potent tumor specific immune responses. He started his PhD on cytokines and tumor immunology in 1996. His postdoctoral work was focusing on oncolytic peptides and their abilities to induce potent tumor specific immune responses. This research forms the basis of Lytix' oncolytic peptide platform. He 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 tumor microenvironment in experimental models and in cancer patients. Mr. Rekdal has been invited as a plenary speaker to several international cancer related and biotech conferences in U.S. and Europe.

Gjest Breistein, Chief Financial Officer

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

Baldur Sveinbjørnsson, Chief Scientific Officer

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

Jørund Sollid, Chief Business Officer

Jørund Sollid has for the last 12 years been working within business development, licensing, and strategic partnership, both from the buy- and sell side for early stage and on-market assets. Prior to joining Lytix, Sollid was Head of Business Development and Licensing in Mundipharma Nordic with global business segment responsibility. Sollid also holds a PhD within physiology and is a certified licensing professional.

Gry Stensrud, Chief Technical Officer

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

9.4 Share option programs

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

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

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

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

Each option will upon exercise give the option holder the right to subscribe for, or otherwise acquire, one Share in the Company with a nominal value of NOK 0.10 at an exercise price of NOK 12.00.

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

Incentive Program F 2020/2025

On 12 June 2020, the General Meeting resolved to establish a share option program for employees, Management, the Board of Directors and other key persons, which would replace the existing share option programs to employees ("**Incentive Program F**"). On 24 June 2020, the number share options in the program was increased to 2,622,712. As of 31 March 2021, a total of 2,229,304 share options were reserved for certain specific individuals. The expiry date for this Incentive Program F is on 1 May 2025. A total of 773,697 of the share options granted under Incentive Program F are subject to a two-year annual vesting period. A total of 1,455,607 share options under the program had vested as at 31 March 2021.

At the Company's General Meeting on 7 June 2021, the General Meeting resolved to increase Incentive Program F, such that the total number of shares options that can be issued under the program is equal to up to 10% of the Company's any time issued shares, provided, however, that the number of options under the program combined with the options under the option programs for the strategic advisors (as described below) shall not, in 2021, exceed 10% of the Company's any time issued share capital. The terms and the allocation shall be decided by the Board of Directors at their sole discretion.

Incentive Program Chairman 2018/2023 and 2019/2025

On 24 April 2018, the General Meeting resolved to allot 600,000 share options to the previous chairman of the Board of Directors, Espen Johnsen ("**Incentive Program Chairman**"). The expiry date for Incentive Program Chairman was originally on 1 May 2023. Espen Johnsen resigned as chairman of the Board of Directors on 2 December 2019.

Due to his resignation, the number of options was reduced to 300,000 and the terms of the options were revised. The expiry date for Incentive Program Chairman was extended to 1 May 2025.

The current chairman of the Board of Directors Gert W. Munthe was granted 300,000 options on similar terms. None of the outstanding options were subject to vesting as at 31 March 2021.

Incentive Program Strategic Advisors 2019/2024

On 12 June 2019, the General Meeting resolved to implement a share option program of 467,220 share options ("**Incentive Program Strategic Advisors I**") to certain strategic advisors. The expiry date for Incentive Program Strategic Advisors is on 12 June 2024. The options are subject to quarterly vesting over two years. A total of 408,818 of the options under the program had vested as of 31 March 2021.

Incentive Program Strategic Advisors 2021/2025

On 7 June 2021 the General Meeting resolved to implement a share option program directed at the same strategic advisors as Incentive Program Strategic Advisors I. The share option program consists of 125,119 share options ("**Incentive Program Strategic Advisors II**"). The exercise price under Incentive Program Strategic Advisors II shall be NOK 18, and the options shall vest quarterly over a period of two years. The option program shall last until June 2025. The board of directors shall decide the specific terms and conditions for Incentive Program Strategic Advisors II, and enter into thereto connected agreements.

9.5 Employees and other consultants

As of the date of this Information Document, the Company has 8 employees. The table below shows the development in the number of employees over the last two years:

	Year ended 31 December	
	2020	**2019**
Number of employees[1]	8	9[2]

1 Number of employees stated as the average for each financial year.
2 Including contracted personnel.

9.6 Benefits upon termination

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

9.7 Corporate governance

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

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

9.8 Nomination committee

The Company has established a nomination committee as required by the Articles of Association. The nomination committee comprises Lars Bakklund (chair), Baldur Sveinbjørnsson and Lise von Tangen-Jordan.

9.9 Conflicts of interests etc.

No member of the Board of Directors or Management has, or has had, as applicable, during the last five years preceding the date of the Information Document:

- any convictions in relation to fraudulent offences;

- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or

- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and members of the Management, including any family relationships between such persons.

10 SHARE CAPITAL AND SHAREHOLDER MATTERS

10.1 Corporate information

The Company's legal name is Lytix Biopharma AS and the Company's commercial name is Lytix Biopharma. The Company is a private limited liability company (Nw.: *aksjeselskap*), validly incorporated and existing under the laws of Norway and in accordance with the Norwegian Private Limited Companies Act. The Company is registered in the Norwegian Register of Business Enterprises with company registration number 985 889 635. The Company was incorporated on 1 July 2003.

The Company's registered business address is Hoffsveien 4, 0275 Oslo, Norway, which is the Company's principal place of business. The Company's website can be found at www.lytixbiopharma.com.

The Shares are registered in book-entry form with the VPS under ISIN NO 0010405780. The Company's register of shareholders in VPS is administrated by the VPS Registrar, DNB Bank ASA, Dronning Eufemias gate 30,0191 Oslo, Norway. The Company's LEI-code is 549300NXMIMRSBCDZO71.

10.2 Share capital and share capital history

10.2.1 Overview

As of the date of this Information Document, the Company's registered share capital is NOK 3,873,901.30 divided into 38,739,013 Shares, each with a par value of NOK 0.10. All of the Company's Shares have been issued under the Norwegian Private Limited Companies Act and are validly issued and fully paid.

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

10.2.2 Share capital history

The table below shows the development in the Company's share capital for the period covered by the Financial Statements to the date of the Information Document. There have not been any other capital increases in the Company other than as set out in the table below, neither by way of contribution in cash or in kind for the period covered by the Financial Statements until the date of this Information Document.

Date of registration	Type of change	Change in share capital (NOK)	New share capital (NOK)	Nominal value (NOK)	New number of total issued Shares	Subscription price per Share (NOK)
8 May 2018	Share capital increase	691,353.20	1,924,892.00	0.10	19,248,920	7.50
24 July 2018	Share capital increase	324,486.40	2,249,378.40	0.10	22,493,784	10.00
8 January 2019	Share capital increase	40,000.00	2,289,378.40	0.10	22,893,784	10.00
16 March 2020	Share capital increase	291,666.70	2,581,045.10	0.10	25,810,451	12.00
16 April 2020	Share capital increase	41,666.90	2,622,712.00	0.10	26,227,120	12.00
10 June 2020	Share capital increase	323,411.60	2,946,123.60	0.10	29,461,236	18.00
11 June 2020	Share capital increase	927,777.7	3,873,901.30	0.10	38,739,013	18.00

10.3 Ownership structure

As of 14 June 2021, provided that the Offer Shares are being delivered to the investors in the Private Placement, the Company's twenty largest shareholders will be as follows:

#	Shareholder	Number of Shares	Per cent of share capital
1	TAJ Holding AS	5,440,850	14.0%
2	Jakob Hatteland Holding AS	3,000,000	7.7%
3	North Murray AS[1]	2,810,359	7.3%
4	PBM LYT Holdings, LLC	2,361,111	6.1%
5	3 T Produkter Holding AS	1,808,764	4.7%

6	Brødrene Karlsen Holding AS	1,709,274	4.4%
7	CARE Holding AS	1,608,080	4.2%
8	Picasso Kapital AS	1,122,860	2.9%
9	Per Strand Eiendom AS	1,024,128	2.6%
10	Mikael Lönn	741,967	1.9%
11	Danske Bank International S.A	685,184	1.8%
12	Maven International Investments	641,340	1.7%
13	Lysnes Invest AS	615,654	1.6%
14	Kvasshøgdi AS	604,727	1.6%
15	Norinnova Invest AS	557,510	1.4%
16	Hifo Invest AS	555,555	1.4%
17	Saturn Invest AS	555,555	1.4%
18	Jahatt AS[2]	500,000	1.3%
19	Hopen Invest AS	481,117	1.2%
20	LMK Forward AB	420,363	1.1%
Total top 20		**27,244,398**	**70.3%**
Others		**11,494,615**	**29.7%**
Total		**38,739,013**	**100%**

1 Controlled by the chairman of the Board of Directors Gert Wilhelm Munthe.

2 Jahatt AS and Jakob Hatteland Holding AS are controlled by Jakob Hatteland

As of the date of this Information Document, no shareholder other than TAJ Holding AS (14.0%), North Murray AS (7.3%), Jakob Hatteland Holding AS (7.3%), PBM LYT Holdings, LLC (6.1%) holds more than 5% of the issued Shares.

As further described in Section 6, on 7 June 2021, the Company's General Meeting and Board of Directors resolved to increase the Company's share capital by a total of NOK 1,251,189, by the issuance of 12,511,893 Offer Shares. Delivery of the Offer Shares will be made through the facilities of the VPS prior to the commencement of trading of the Shares on Euronext Growth

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

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

As of the date of this Information Document, the Company does not have any beneficial owners as defined in the EU Legislation on anti-money laundering.

10.4 Authorizations

10.4.1 Authorization to increase the share capital

At the annual General Meeting held on 24 June 2020, the Board of Directors was granted an authorization to increase the share capital by up to NOK 370,000 in connection with the Company's share option programs. The authorizations are valid until the annual General Meeting in 2022, but no longer than until 24 June 2022.

At the annual General Meeting held on 7 June 2021, the Board of Directors was granted an authorization to increase the share capital by up to NOK 350,000 for general corporate purposes, including to issue Shares to fulfil the Company's issued options. The authorization is valid until the annual General Meeting in 2022.

10.4.2 Authorizations to acquire treasury Shares

As at the date of this Information Document, the Board of Directors does not hold any authorizations to acquire treasury Shares.

10.5 Financial instruments

In accordance with an agreement entered into between the Company and PBM, the General Meeting of the Company has resolved to issue to PBM LYT Holdings, LLC, an affiliate of PBM, 1,329,306 non-transferable warrants (equal to 56.3% of the number of Shares subscribed for by PBM in the Private Placement). Each warrant shall have a duration of 12 months, and shall give the right to subscribe for one Share in the Company at a subscription price of NOK 0.10 per Share any time after 90 days after the Admission date.

Other than as set out above and in Section 9.4 "Share option programs", the Company has not issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any Shares in the Company.

The dilutive effect of the warrants, based on the Company's share capital after the National Placement and Private Placement, is approximately 3.3%.

The dilutive effect of the options granted by the Company (vested and unvested), based on the Company's share capital after the National Placement and Private Placement, is approximately 7.8%. If the Company continues to grant options as planned, it expects that the dilutive effect of the outstanding options during 2021 would be approximately 10% of the Company's share capital.

10.6 Shareholder rights

The Company has one class of shares in issue and all Shares provide equal rights in the Company, including the right to any dividends. Each of the Company's Shares carries one vote. The rights attached to the Shares are further described in Sections 10.7 "The Articles of Association" and 10.8 "Certain aspects of Norwegian corporate law".

10.7 The Articles of Association

The Articles of Association are enclosed in Appendix A to the Information Document. Below is a summary of the provisions of the Articles of Association as of 8 June 2021.

10.7.1 Objective of the Company

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

10.7.2 Share capital and par value

Pursuant to section 4 of the Articles of Association, the Company's share capital is NOK 3,873,901.30 divided into 38,739,013 shares, each with a par value of NOK 0.10.

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

10.7.3 The Board of Directors

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

10.7.4 Restrictions on transfer of Shares

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

10.7.5 Signatory right

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

10.7.6 General meetings

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

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

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

10.7.7 Electronic distribution of documents

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

10.7.8 Nomination committee

Pursuant to section 11 of the Articles of Association, the Company shall have a nomination committee and instruction for such nomination committee shall be prepared.

10.8 Certain aspects of Norwegian corporate law

10.8.1 General meetings

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

A shareholder may vote at the general meeting either in person or by proxy (the proxy holder is appointed at their own discretion). Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the shareholders' register kept and maintained with VPS as of the date of the general meeting, or who otherwise have reported and documented ownership of shares in the Company, are entitled to participate at general meetings, without any requirement of pre-registration.

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

10.8.2 Voting rights – amendments to the articles of association

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

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

In general, only a shareholder registered in VPS is entitled to vote for Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees.

There are no quorum requirements that apply to the general meetings.

10.8.3 Additional issuances and preferential rights

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

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

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

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

10.8.4 Minority rights

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

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

10.8.5 Rights of redemption and repurchase of shares

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

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorization to do so by a General Meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury Shares so acquired, and held by the Company must not lead to the share capital with deduction of the aggregate nominal of

the holding of own Shares is less than the minimum allowed share capital of NOK 30,000, and treasury Shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorization by the General Meeting of the Company's shareholders cannot be granted for a period exceeding two years.

10.8.6 Shareholder vote on certain reorganizations

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

10.8.7 Liability of board members

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

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

10.8.8 Indemnification of board members

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

10.8.9 Distribution of assets on liquidation

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

10.8.10 Takeover bids and forced transfers of shares

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

11 NORWEGIAN TAXATION

*This section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**") and to shareholders who are not resident in Norway for tax purposes ("**Non-Resident Shareholders**"). The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Information Document and are subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. The statements only apply to shareholders who are beneficial owners of Shares. Please note that for the purpose of the summary below, references to Norwegian Shareholders or Non-Resident Shareholders refers to the tax residency rather than the nationality of the shareholder. Please also note that the tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.*

11.1 Norwegian shareholders

11.1.1 Taxation of dividends

Shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are comprised by the Norwegian participation exemption. Under the exemption, only 3% of dividend income received from Norwegian limited liability companies is subject to tax as ordinary income. The income is taxed at a flat rate of 22% as of 2021, implying that dividends received effectively are taxed at a rate of 0.66%. For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax the effective rate of taxation for dividends is 0.75%.

Dividends distributed to Norwegian shareholders other than Norwegian Corporate Shareholders ("**Norwegian Individual Shareholders**") are grossed up with a factor of 1.44 before taxed as ordinary income (22% flat rate, resulting in an effective tax rate of 31.68%) to the extent the dividend exceeds a tax-free allowance.

The tax free allowance is calculated on a share-by-share basis for each individual shareholder on the basis of the cost price of each of the Shares multiplied by a risk-free interest rate. The risk-free interest rate is based on the effective rate of interest on treasury bills (Nw.: *statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian Individual Shareholders holding Shares at the expiration of the relevant calendar year. Norwegian Individual Shareholders who transfer Shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the Share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same Share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same Share the following year.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) for Norwegian Individual Shareholders as the shares are listed on Euronext Growth (and not Oslo Børs or Euronext Expand).

11.1.2 Taxation of capital gains

Sale, redemption or other disposal of Shares is considered as a realization for Norwegian tax purposes.

Capital gains generated by Norwegian Corporate Shareholders through a realization of shares in Norwegian limited liability companies, such as the Company, are comprised by the Norwegian participation exemption and therefore tax exempt. Net losses from realization of Shares and costs incurred in connection with the purchase and realization of such Shares are not tax deductible for Norwegian Corporate Shareholders.

Norwegian Individual Shareholders are taxable in Norway for capital gains derived from realization of Shares, and have a corresponding right to deduct losses. This applies irrespective of how long the Shares have been owned by the individual shareholder and irrespective of how many Shares that are realized. Gains are taxable as ordinary income in the year of realization and losses can be deducted from ordinary income in the year of realization. Any gain or loss is grossed up with a factor of 1.44 before taxed at a rate of 22% (resulting in an effective tax rate of 31.68%. Under current tax rules, gain or loss is calculated per Share, as the difference between the consideration received for the Share and the Norwegian Individual Shareholder's cost price for the Share, including costs incurred

in connection with the acquisition or realization of the Share. Any unused tax-free allowance connected to a Share may be deducted from a capital gain on the same Share, but may not create or increase a deductible loss. Further, unused tax-free allowance related to a Share cannot be set off against gains from realization of other Shares.

If a Norwegian shareholder realizes Shares acquired at different points in time, the Shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss. Costs incurred in connection with the purchase and sale of Shares may be deducted in the year of sale.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances.

11.1.3 Net wealth tax

The value of Shares is taken into account for net wealth tax purposes in Norway. The marginal net wealth tax rate is currently 0.85% of the value assessed. For assessment purposes, the Shares are valued to 55% of the total tax value of the Company as of 1 January of the year before the tax assessment year. However, if the share capital in the Company has been increased or reduced by payment from or to shareholders in the year before the tax assessment year, the Shares are valued to 55% of the total tax value of the Company as of 1 January of the tax assessment year. The value of debt allocated to the Shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 55%).

Norwegian limited liability companies and similar entities are exempted from net wealth tax.

11.2 Non-Resident Shareholders

11.2.1 Taxation of dividends

Dividends paid from a Norwegian limited liability company to shareholders who are not resident in Norway for tax purposes ("**Non-Resident Shareholders**") are generally subject to Norwegian withholding tax at a rate of 25% unless the recipient qualifies for a reduced rate according to an applicable tax treaty or other specific regulations. The shareholder's country of residence may give credit for the Norwegian withholding tax imposed on the dividend.

If a Non-Resident Shareholder is carrying out business activities in Norway and the Shares are effectively connected with such activities, the Non-Resident Shareholder will be subject to the same taxation of dividend as a Norwegian Shareholder, as described above.

Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities) ("**Foreign Corporate Shareholders**") resident within the EEA are exempt from Norwegian withholding tax pursuant to the Norwegian participation exemption provided that the Foreign Corporate Shareholder is genuinely established and carries out genuine economic activities within the EEA.

Dividends paid to Non-Resident Shareholders that are individual shareholders (i.e. shareholders who are natural persons) ("**Foreign Individual Shareholders**") are as the main rule subject to Norwegian withholding tax at a rate of 25%, unless a lower rate has been agreed in an applicable tax treaty. If the individual shareholder is resident within the EEA, the shareholder may apply to the tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, see Section 11.1.1 "Taxation of dividends". 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% less the tax-free allowance.

In accordance with the present administrative system in Norway, a distributing company will generally deduct withholding tax at the applicable rate when dividends are paid directly to an eligible Foreign Shareholder, based on information registered with the VPS. Foreign Corporate and Individual Shareholders must document their entitlement to a reduced withholding tax rate by (i) obtaining a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the shareholder is resident in that state, which cannot be older than three years, and (ii) providing a confirmation from the shareholder that the shareholder is the beneficial owner of the dividend. In addition, Foreign Corporate Shareholders must also present either (i) an approved withholding tax refund application or (ii) an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate or a withholding tax exemption. Such documentation must be provided to either the nominee or the account operator (VPS). Dividends paid to Non-Resident Shareholders in respect of nominee

registered shares are not eligible for reduced treaty withholding tax rate at the time of payment unless the nominee, by agreeing to provide certain information regarding the beneficial owner, has obtained approval for reduced treaty withholding tax rate from the Norwegian tax authorities. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Foreign Individual and Corporate 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. The same will apply to Foreign Corporate Shareholders that have suffered withholding tax although qualifying for the Norwegian participation exemption.

Non-Resident Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments.

11.2.2 Taxation of capital gains

Gains from realization of Shares by Non-Resident Shareholders will not be subject to tax in Norway unless the Non-Resident Shareholders are holding the Shares in connection with business activities carried out or managed from Norway. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

11.2.3 Net wealth tax

Non-Resident Shareholders are not subject to Norwegian net wealth tax with respect to the Shares, unless the shareholder is an individual, and the shareholding is effectively connected with a business which the shareholder takes part in or carries out in Norway. Such taxation may be limited according to an applicable tax treaty.

11.3 Transfer taxes etc. VAT

No transfer taxes, stamp duty or similar taxes are currently imposed in Norway on purchase, issuance, disposal or redemption of shares. Further, there is no VAT on transfer of shares.

12 SELLING AND TRANSFER RESTRICTIONS

12.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Euronext Growth.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Information Document does not constitute an offer and this Information Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Information Document, the investor may not treat this Information Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Information Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

12.2 Selling restrictions

12.2.1 United States

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Euronext Growth Advisors have represented and agreed that it has not offered or sold, and will not offer or sell, any of the Shares as part of its allocation at any time other than (i) within the United States to QIBs in accordance with Rule 144A or (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 12.3.1 "United States".

12.2.2 United Kingdom

No Shares have been offered or will be offered pursuant to an offering to the public in the United Kingdom, except that the Shares may be offered to the public in the United Kingdom at any time in reliance on the following exemptions under the UK Prospectus Regulation:

a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Euronext Growth Advisors for any such offer; or

c) in any other circumstances falling within section 86 of the Financial Services and Markets Act 2000 ("**FSMA**").

provided that no such offer of the Shares shall result in a requirement for the Company or Euronext Growth Advisors to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Euronext Growth Advisors have represented, warranted and agreed that:

a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of

section 21 of the FSMA in connection with the issue or sale of any Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

12.2.3 European Economic Area

In no member state (each a "**Relevant Member State**") of the European Economic Area (the "**EEA**") have Shares been offered and in no Relevant Member State other than Norway will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State, with the prior written consent of the Euronext Growth Advisors for any such offer; or

c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Shares shall result in a requirement for the Company or Euronext Growth Advisors to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Information Document.

12.2.4 Other jurisdictions

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Switzerland, Japan, Canada, Australia or any other jurisdiction in which it would not be permissible to offer the Shares.

In jurisdictions outside the United States and the EEA where an offering would be permissible, the Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

12.3 Transfer restrictions

12.3.1 United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities, regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.

- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Information Document.

- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.

- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.

- The purchaser acknowledges that the Company, the Euronext Growth Advisors and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Information Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.

- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.

- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.

- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in

accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser will not deposit or cause to be deposited such Shares into any depositary receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.

- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.

- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

- The purchaser acknowledges that the these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Euronext Growth Advisors and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

12.3.2 European Economic Area

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Information Document will be deemed to have represented, warranted and agreed to and with the Euronext Growth Advisors and the Company that:

a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and

b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Euronext Growth Advisors has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

13 ADDITIONAL INFORMATION

13.1 Admission to Euronext Growth

On 31 May 2021, the Company applied for Admission to Euronext Growth. The first day of trading on Euronext Growth is expected to be on or about 14 June 2021.

The Company does not have securities listed on any stock exchange or other regulated market place.

13.2 Independent auditor

The Company's independent auditor is Ernst & Young AS (company registration number 976 389 387 and registered business address at Dronning Eufemias gate 6, N-0191 Oslo, Norway). The partners of Ernst & Young AS are members of The Norwegian Institute of Public Accountants (Nw.: *Den Norske Revisorforening*). Ernst & Young AS has been the Company's independent auditor since 2003.

Ernst & Young AS has not audited, reviewed or produced any report on any other information in this Information Document.

13.3 Advisors

The Company has engaged Arctic Securities AS (company registration number 991 125 175 and registered business address at Haakon VIIs gate 5, N-0161 Oslo, Norway) and SpareBank 1 Markets AS (company registration number 992 999 101 and registered business address at Olav Vs gate 5, N-0161 Oslo, Norway) as its Euronext Growth Advisors.

Advokatfirmaet Thommessen AS (company registration number 957 423 248 and registered business address at Haakon VIIs gate 10, N-0161 Oslo, Norway) has been engaged as Norwegian legal counsel to the Company.

14 DEFINITIONS AND GLOSSARY OF TERMS

When used in this Information Document, the following defined terms shall have the following meaning:

ACT	Adoptive T-cell therapy.
Admission	The admission to trading of the Company's shares on Euronext Growth.
API	Active Pharmaceutical Ingredients.
Appropriate Channels for Distribution	Has the meaning ascribed to such term under "Important Information".
Articles of Association	Articles of Association of the Company as of 8 June 2021.
Aurelius	Aurelius Biotherapeutics, Inc.
Board of Directors	The board of directors of the Company.
Board Members	The members of the Board of Directors.
CAR	Chimeric antigen receptor.
CEO	Chief Executive Officer.
CMO	Contract Manufacturing Organizations.
Company or Lytix	Lytix Biopharma AS.
Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance last updated 17 October 2018.
COVID-19	The coronavirus SARS-CoV-2.
CRO	Contract Research Organizations.
DAMP	Damage-associated molecular patterns.
Data Protection Laws	Laws and regulations regarding data protection and privacy.
DCs	Dendritic cells.
EEA	European Economic Area.
EMA	The European Medicines Agency.
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Euronext Growth	Euronext Growth Oslo, a multilateral trading facility for equity instruments operated by Oslo Børs ASA.
Euronext Growth Admission Rules	Admission to trading rules for Euronext Growth as of 30 November 2020.
Euronext Growth Advisors	Arctic Securities AS and SpareBank 1 Markets AS.
Euronext Growth Content Requirements	Content requirements for Information Documents for Euronext Growth as of 30 November 2020.
FDA	The Food and Drug Administration.
FID	Final Investment Decision.
Financial Statements	The audited financial statements of Lytix Biopharma AS for the years ending 31 December 2020 and 31 December 2019.
Foreign Corporate Shareholders	Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities).
Foreign Individual Shareholders	Non-Resident Shareholders that are individual shareholders (i.e. other shareholders than Foreign Corporate Shareholders).
FSMA	Financial Services and Markets Act 2000.
GCP	Good Clinical Practice.
GDPR	The General Data Protection Regulation (EU) 20167679.
General Meeting	The general meeting of the shareholders in the Company.
GLP	Good Laboratory Practice.
GMP	Good Manufacturing Practice.
HSEQ	Health, safety, environment and quality.
Incentive Program Chairman	The Company's share-based incentive program for the chairman of the Board of Directors.
Incentive Program Strategic Advisors I	The Company's share based incentive program for strategic advisors, in accordance with the General Meeting's resolution on 12 June 2019.
Incentive Program Strategic Advisors II	The Company's share based incentive program for strategic advisors, in accordance with the General Meeting's resolution on 7 June 2021.
IND	Investigational New Drug Application.
Information Document	This information document dated 14 June 2021.
IPR	Intellectual property rights.
LEI	Legal Entity Identifier.
LFcinB	Bovine lactoferricin.
LIBOR	London Inter-bank Offered Rate.
License Agreement	The exclusive license agreement between the Company and Verrica dated 7 August 2020.

LTX-315	Lytix' lead product candidate.
Management	The senior management team of the Company.
mg	Milligram.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
National Placement	The issuance of 3,234,116 Offer Shares resolved by the General Meeting on 7 June 2021, raising gross proceeds of approximately NOK 58 million pursuant to a national prospectus dated 20 May 2021. The bookbuilding period took place from 20 May 2021 to 28 May 2021.
Negative Target Market	Has the meaning ascribed to such term under "Important Information".
NGAAP	Norwegian Generally Accepted Accounting Principles.
NIBOR	Norwegian Interbank Offered Rate.
NOK	Norwegian kroner, the currency of the Kingdom of Norway.
Non-Resident Shareholders	Shareholders who are not resident in Norway for tax purposes.
Norwegian Accounting Act	The Norwegian Accounting Act of 17 July 1998 no 56 (Nw.: *regnskapsloven*).
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes.
Norwegian Individual Shareholders	Norwegian Shareholders other than Norwegian Corporate Shareholders.
Norwegian Private Limited Companies Act	The Norwegian Private Limited Liability Companies Act of 13 June 1997 no 44 (as amended) (Nw.: *aksjeloven*).
Norwegian Securities Trading Act	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (Nw.: *verdipapirhandelloven*).
Norwegian Securities Trading Regulation	The Norwegian Securities Trading Regulation of 29 June 2007 no 876 (as amended) (Nw.: *verdipapirforskriften*).
Norwegian Shareholders	Shareholders who are resident in Norway for tax purposes.
Oslo Stock Exchange	Oslo Børs ASA.
PBM	PBM LYT Holdings, LLC
Positive Target Market	Has the meaning ascribed to such term under "Important Information".
PR	Partial response
Private Placement	The issuance of 9,277,777 Offer Shares resolved by the General Meeting and Board of Directors on 7 June 2021, raising gross proceeds of approximately NOK 167 million. The bookbuilding period took place from 31 May 2021 to 4 June 2021.
Relevant Member State	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
SD	Stable disease.
Share(s)	The shares in the Company, each with a par value of NOK 0.10, or any one of them.
Target Market Assessment	Negative Target Market together with the Positive Target Market.
TCR	T-cell receptor.
TILs	Tumor infiltrating T cells.
UK Prospectus Regulation	Regulation (EU) 2017/1129 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.
USD	United States Dollars, the currency of the United States.
United States or U.S.	The United States of America.
U.S. Securities Act	US Securities Act of 1993.
Verrica	Verrica Pharmaceuticals, Inc.
VPS	The Norwegian Central Securities Depository (Nw.: *Verdipapirsentralen*).
VPS Registrar	DNB Bank ASA.

APPENDIX A

ARTICLES OF ASSOCIATION

VEDTEKTER FOR LYTIX BIOPHARMA AS

(Vedtatt 8.juni 2021)

§ 1 Foretaksnavn
Selskapets foretaksnavn er Lytix Biopharma AS.

§ 2 Forretningskontor
Selskapets forretningskontor er i Oslo kommune.

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

§ 4 Selskapets aksjekapital
Selskapets aksjekapital er NOK 3.873.901,30 fordelt på 38.739.013 aksjer hver pålydende NOK 0,1.

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

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

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

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

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

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

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

Selskapets generalforsamlinger kan avholdes i Oslo kommune.

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

§ 11 Valgkomité
Selskapet skal ha en valgkomité som velges av generalforsamlingen og det skal utarbeides en instruks for valgkomitéen.

STATUTES OF LYTIX BIOPHARMA AS
(Adopted on June 8, 2021 / *Translation to English***)**

§ 1 Company name
The company's name is Lytix Biopharma AS.

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

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

§ 4 The company's share capital
The company's share capital is NOK 3,873,901.30 divided into 38,739,013 shares each with a nominal value of NOK 0.1.

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

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

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

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

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

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

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

The company's general meetings may be held in the municipalities of Oslo.

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

§ 11 Nomination committee
The Company shall have a nomination committee elected by the General Assembly and instructions for the nomination committee shall be prepared.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF LYTIX BIOPHARMA AS FOR THE YEAR ENDED 31 DECEMBER 2020

Lytix Biopharma

ONCOLYTIC MOLECULES

Prime the Immune System

to Fight Cancer

Annual Report 2020

WORDS FROM CEO ØYSTEIN REKDAL

A TRANSFORMATIONAL YEAR

PHOTO: BÅRD GUDIM

The potential of Lytix Biopharma's immunotherapy platform was confirmed through international interest from pharma companies, academia, industry experts and investors during 2020.

In January, only weeks before the world was closed due to the coronavirus pandemic, Lytix Biopharma held various investor meetings at the 38th Annual JP Morgan Healthcare conference in San Francisco. One of the industry colleagues we met during this conference was Ted White, CEO of the US based dermatology company Verrica Pharmaceuticals.

Seven months later, we signed an exclusive worldwide license agreement with Verrica to develop and commercialize our LTX-315, a first-in-class oncolytic peptide, for skin cancer indications. LTX-315 has shown very promising efficacy and safety signals in cancer patients during Phase I/II studies. We strongly believe that the partnership with Verrica, which has significant expertise within the field of dermatology, will expand the applications for our lead cancer drug candidate.

The missing link

Cancer is the second leading cause of death globally and is responsible for about 10 million deaths per year. One of the major challenges is that as cancer develops and mutates, a tumor ends up with several different cancer cells, making it difficult for both current cancer treatment and the body to fight the cancer disease.

Cancer is a heterogeneous disease, which gives rise to resistance to chemotherapy, targeted therapy, and immunotherapy. Furthermore, most cancer patients do not respond to immune checkpoint inhibitors due to low immune cell infiltration.

Lytix proprietary oncolytic molecule platform could represent the missing link in current combination therapy. Oncolytic molecules are able to dissolve and expose all the compartments of the cancer cells resulting in effective activation of T cells. This unique way of priming the immune system makes them ideal for combination with other types of cancer therapy including immune checkpoint inhibitors Lytix technology platform is based on research and development originated at UiT The Arctic University in Tromsø, one of the leading academic clusters on generating bioactive drug candidates from naturally occurring host defense peptides.

As we entered 2021 another important milestone was achieved when FDA approved a Phase II clinical trial in the US with a multicenter study covering several solid tumor types. The next study will be a combination with LTX-315 with approved immunotherapy and a first read-out is expected in first half of 2022.

Partnering strategy

There are also other candidates in the pipeline, including LTX-401, a second-generation molecule developed for treatment of visceral tumors. Our plan is to develop LTX-401 through proof-of-concept studies, both as a monotherapy and as a combination partner towards deep seated lesions, and we are targeting a first-in-man study next year.

Our strategic vision is that Lytix' oncolytic molecules could become the preferred combination partners with immune checkpoint inhibitors within major cancer types, such as head and neck, breast cancer and skin cancer. Over the course of the year, our technology has been recognized internationally, proven by partnerships, IND approval for initiating phase II studies in US with LTX-315, research citations and feedback from industry experts.

As with the Verrica agreement, we seek to enter further strategic partnerships with big pharma and large biotech's to maximize the likelihood of successfully commercializing product candidates to the benefit of patients, shareholders, employees, and the society in general.

MAIN EVENTS DURING 2020

In fiscal year 2O2O, Lytix Biopharma AS ("Lytix" or the "Company") had to deal with some consequences of the COVID-19 virus. Government measures to curb the virus have affected economic activity. The Company has taken several measures to limit the effects of the COVID-19 virus, such as safety and health measures for our people (such as social distancing and working from home), and we have followed government policies and advice while doing our best to continue our operations in the best possible and safest way without compromising the health of our people.

- Øystein Rekdal and Lytix were nominated to the Lyfebulb-Helsinn Innovation Award - in competition with 10 other finalists. Our participation and the award itself were mentioned in media.

- Lytix carried out a private placement and a repair issue in March and April 2020 where the Company in total raised NOK 40 million from existing shareholders.

- In May the Company had an amendment to the Herlev Protocol approved by the ethics committee and the Danish authorities. The supplement was developed to optimize treatment with LTX-315 and to be able to recruit sarcoma patients with stable disease (in addition to patients with progressive disease). The study was closed for a period pending the approval of the amendment, but after it was reopened, summer 2020, two patients have been enrolled in the study. One patient, who received T cells grown from the patient's cancerous tumors after LTX-315 treatment, has so far shown stable disease, i.e. the disease does not develop in a negative direction. Unfortunately, it was not possible to isolate and grow enough T cells from the other patient.

- In August, Lytix entered into a license agreement with the Nasdaq-listed company Verrica Pharmaceuticals. Verrica has received an exclusive global license to use LTX-315 for the treatment of skin cancer. Verrica will primarily test LTX-315 in the skin cancer types basal cell carcinoma and squamous cell carcinoma. The license agreement involves an advance payment and milestone payments from Verrica to Lytix based on the achievement of specific development goals and sales figures. If Verrica succeeds in commercializing LTX-315, milestone payments could reach just over USD 110 million. In addition, Lytix will receive royalty payments from the sale of LTX-315.

- Lytix follows up international pharmaceutical companies that have shown interest in collaboration, and this applies to both LTX-315 and LTX-401.

- In October Lytix hired Jørund Sollid as the new CBO (Chief Business Officer). Sollid is an experienced leader in strategic partnerships and negotiations, and he has worked for more than 20 years in the life sciences and pharmaceutical industry.

- In the autumn of 2019, Lytix established a collaboration with Covance, one of the most recognized CROs in the world, to assist Lytix with an IND (application for permission from the FDA to conduct clinical studies in the USA). Lytix and Covance have worked intensively on the submission of IND throughout 2020, and an IND application was submitted to the FDA on December 10th. In the study, LTX-315 will be combined with the immune checkpoint inhibitor pembrolizumab (anti-PD-1) and tested for various cancers (including mole cancer, breast cancer and head and neck cancer). A physician (PI) from the MD Anderson Cancer Center, with solid expertise in local treatment of solid tumors, will lead the clinical study. The study will be conducted at 3-5 different hospitals in the United States, including the MD Anderson Cancer Center which is the world's leading cancer hospital. Our scientific advisors Jim Allison (Nobel laureate in 2018 and discoverer of the first immune checkpoint inhibitor) and Pam Sharma, are both employed at the MD Anderson Cancer Center and have been important advisors in the design of the study.

- Following the Verrica agreement the Company saw a need to also strengthen the CMC (Chemistry, Manufacturing and Control) competence in Lytix. In March 2021 Gry Stensrud was appointed Chief Technology Officer and she will provide strategic, tactical and technical expertise and oversight of all CMC-related activities.

- The company has taken several measures to limit the effects of the COVID-19 virus, such as safety and health measures for our people (such as social distancing and working from home), and we have followed government policies and advice while doing our best to continue our operations in the best possible and safest way without compromising the health of our people.

- Lytix is working with the investment banks Arctic Securities and Sparebank 1 Markets to raise capital and list the Company’s shares on Euronext Growth Oslo.

DIRECTORS' REPORT

Background and strategy

Lytix Biopharma AS is a company whose business consists of research and development work in biotechnology. The company was established in 2003 and is headquartered in Oslo, Norway.

The Company's clinical stage product, LTX-315, is an oncolytic peptide with potent immunomodulatory properties designed for the local treatment of solid tumors. By inducing rapid immunogenic cell death through the release of danger-associated molecular pattern molecules (DAMPs) and tumor-associated antigens, LTX-315 is capable of reshaping the tumor microenvironment, turning "cold" tumors "hot" through a significant increase in tumor-infiltrating lymphocytes (T cells). The Company´s oncolytic pipeline product, LTX-401 is a low-molecular drug that is designed for deep-seated visceral tumors and is in a preclinical phase. The technology has potential to address several indications and therapeutic areas. Lytix has a strong patent portfolio with protection lasting up to 2032.

Lytix' strategy involves developing projects through Phase II, and subsequently collaborate with partners for late-stage development and commercialization. The Company considers retaining commercial rights in selected geographical areas and considers strategic partnerships at any point in time if appropriate and in the best interest of Lytix.

Financial review

Accounting policies

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

Operating income

Revenue for 2020 for the Company amounted to NOK 3 thousand compared to NOK 310 thousand in 2019. Other income, mainly public grants, amounted to NOK 6,675 thousand for 2020 compared to NOK 6,388 thousand for 2019.

Operating expenses

Total operating expenses increased to NOK 49,050 thousand in 2020 from NOK 40,470 thousand in 2019 for the Company. Loss from operations for the Company amounted to NOK 42,372 thousand in 2020 compared to NOK 33,773 thousand in 2019.

Net financial items

Lytix' net financial items constituted NOK 284 thousand in 2020 (2019: NOK 546 thousand).

Net result

The loss for the period was NOK 42,088 thousand for 2020 compared to a loss of NOK 33,227 thousand for 2019.

Financial position and cash flow

Cash and cash equivalents were NOK 28,450 thousand for the Company at the end of 2020 compared to NOK 12,796 thousand end of 2019.

Total liabilities for the Company were NOK 12,728 thousand in 2020, including accrued, non-invoiced cost from ongoing projects (2019: 3,854 thousand).

Shareholders' equity for the Company was NOK 19,889 thousand at the end of 2020, compared to NOK 13,580 thousand at the end of 2019.

Deferred tax asset is not reflected in the statement of financial position as the Company is in a development phase and is currently generating losses.

Allocation of the 2020 result

The Company's annual result amounted to a loss of NOK 40,604 thousand. The Board of Directors proposed that the loss is transferred from Share Premium Reserve.

Financial risks

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

The Company controls its cash flow from both long- and short-term perspectives through rolling cash forecasts. The Company has no loan agreements involving covenants or other financial instruments or requirements. There is an inherent risk around future financing of the Company, depending upon the Company's own performance and on the financial market conditions.

Non-financial risks

Technology risk

The Company's lead product candidate, LTX-315, is still at a relatively early stage (Phase ll) and the clinical studies may not prove to be successful.

Competitive technology

Immunotherapy and other cancer therapy industries are in general highly competitive and dynamic, and as such a high-risk business.

Market risks

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

Going concern

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

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

In 2021, the Company has decided to initiate a process to secure funding of the Company's development program, including phase II clinical trial in the US for the LTX-315. The Board of Directors has mandated the management to subsequently list its shares on Euronext Growth Oslo. Arctic Securities AS and Sparebank 1 Markets AS have been engaged as financial advisors in the process. The capital raise is estimated to be completed in second quarter for 2021. If the share issue is delayed or smaller than expected, the Company has several opportunities to reduce the capital need. Postponing and or terminating projects can significantly reduce the capital need. The Company is of the opinion that the working capital available (including the proceeds from the share issue) will be sufficient for the Company's present requirements, for the period covering at least 12 months.

The Board of Directors states that the annual accounts represent a true and fair view of the Company's financial position at the turn of the year. According to the Norwegian Accounting Act §3-3 (a), the Board of Directors confirmed that the financial statements have been prepared under the assumption of going concern and that the grounds for this assumption exist.

Personnel and organization

Lytix Biopharma's senior management team at year-end consists of Øystein Rekdal, Chief Executive Officer, Baldur Sveinbjørnsson, Chief Scientific Officer, Gjest Breistein, Chief Financial Officer and Jørund Sollid, Chief Business Officer. In addition, Kamal Saini works as a Chief Medical Officer consultant hired from Covance. On March 1, 2021 Gry Stensrud started as Chief Technical Officer.

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

Health, safety and environment (HSE)

During 2020, the Company had 7 employees (constituting 7 man-years). The working environment is good. No accidents or injuries were reported in 2020. Absence due to illness was all short term and minimal, and in line with 2019.

The Company aims to be a workplace with equal opportunities for women and men in all areas. The Company has traditionally recruited from environments where women and men are relatively equally represented. In terms of gender equality within the Company, women constitute 0 % of the Board members and 0 % of the senior management team. The Company promotes a productive working environment, does not tolerate disrespectful behavior, and the Company is an equal opportunity employer. Discrimination in hiring, compensation, training, promotion, termination, or retirement based on ethnic and national origin, religion, sex or other distinguishing characteristics is not acceptable.

External environment

The Company does not pollute the external environment to a greater extent than is normal for this industry. Production and logistics are outsourced to qualified partners who are obliged to follow GMP and all applicable standards.

Statement of corporate social responsibility – Code of Conduct

The Company's business is based on trust. For the confidence of its customers, employees, shareholders and other stakeholders, ethics and values must play a prominent role in all operations. The Company is committed to operating in accordance with responsible, ethical, and sound corporate and business principles and will strive to be in compliance with all applicable laws and public regulations. This requires the collective effort of all employees in the Company.
This Code of conduct applies to all employees and Board members in entities owned by the Company. By agreement it may also apply to others acting on behalf of the Company.

Board statement on corporate governance

The Company considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to equity. To secure strong and sustainable corporate governance, it is important that the Company ensure good business practices, reliable financial reporting, and an environment of compliance with legislation and regulations. The Company's Board of Directors actively adheres to good corporate governance standards and will at all times ensure that the Company complies with "The Norwegian Code of Practice for Corporate Governance" (the "Code"), most recently revised 30 October 2014 issued by the Norwegian Corporate Governance Policy Board (NCGB), or explain possible deviations from the Code.

Deviations from the Code:

- Chief Scientific Officer, Baldur Sveinbjørnsson, is a member of the nomination committee, which is a deviation from the Code which says that the members of the executive management shall not be members of the nomination committee. Mr. Sveinbjørnsson has been involved in Lytix Biopharma since its inception and is an expert on the Company's technology.

Board of Directors of Lytix Biopharma AS

The composition of the Board of Directors is at year-end as follows: Gert Wilhelm Munthe (Chair), Debasish Roychowdhury and Per Erik Sørensen.

All board members are independent of the Company's executive personnel and material business at year-end. Gert W. Munthe controls a significant number of shares in the Company through North Murray AS.

The Board of Directors held 16 Board meetings during the fiscal year 2020.

Significant events after 31 December 2020

January 20, 2021 Lytix announced that the U.S. Food and Drug Administration (FDA) had approved the company's Investigational New Drug (IND) application for LTX-315. The IND approval enables Lytix to conduct a Phase II clinical trial in the US designed to assess the efficacy of LTX-315 in several types of solid tumors including metastatic breast cancer and head and neck squamous cell carcinoma. The trial will be a multicenter study including M.D. Anderson Cancer Center in Texas, which is one of the world leading cancer hospitals.

In the fiscal year 2020, the company is dealing with the consequences of the COVID-19 virus. Government measures to curb the virus have affected economic activity. The company considers this to be an event after the balance sheet date that does not provide any further information about the actual situation on the balance sheet date. We have taken several measures to limit the effects of the COVID-19 virus, such as safety and health measures for our people (such as social distancing and working from home). We will continue to follow government policies and advice while doing our best to continue our operations in the best possible and safest way without compromising the health of our people. These measures, with the continued financial support of the Company, are reason for the Board of Directors to rely on the sustainable continuation of the business activities so that the financial statements are prepared on a going concern basis.

Oslo, April 28, 2021

The Board of Directors and the Chief Executive Officer of Lytix Biopharma AS

Gert W. Munthe
Chairman of the Board

Debasish F. Roychowdhury
Board Member

Per Erik Sørensen
Board Member

Øystein Rekdal
Chief Executive Officer

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

(in NOK thousands)	Notes	2020	2019
Revenue	*1*	3	310
Other operating income	*2,3*	6,675	6,388
Total operating income		**6,678**	**6,698**
Payroll and related expenses	*5,14*	(23,416)	(20,915)
Direct R&D expenses		(16,008)	(14,021)
Other expenses	*4,13*	(9,626)	(5,535)
Total operating expense		**(49,050)**	**(40,470)**
Loss from operations		**(42,372)**	**(33,773)**
Financial expenses	*6*	(331)	(338)
Financial income	*6*	615	884
Net financial items		**284**	**546**
Loss before tax		**(42,088)**	**(33,227)**
Tax expense	*7*	-	-
Loss for the period		**(42,088)**	**(33,227)**
Transfers:			
Transfers to/from reserves		(42,088)	(33,227)
Total transfers and allocations		**(42,088)**	**(33,227)**

STATEMENT OF FINANCIAL POSITION

(in NOK thousands)	Notes	31.12.2020	31.12.2019
Assets			
Current assets			
Trade and other receivables	*9*	4,168	4,638
Cash and cash equivalents	*10*	28,450	12,796
Total current assets		**32,617**	**17,434**
Total assets		**32,617**	**17,434**
Shareholders equity and liabilities			
Issued capital and reserves			
Share capital		2,623	2,289
Share premium reserve		17,266	11,291
Total equity	***12***	**19,889**	**13,580**
Liabilities			
Current liabilities			
Trade payables		3,284	-
Other current liabilities	*13*	9,444	3,854
Total current liabilities		**12,728**	**3,854**
Total liabilities		**12,728**	**3,854**
Total equity and liabilities		**32,617**	**17,434**

Oslo, April 28, 2021

The Board of Directors and the Chief Executive Officer of Lytix Biopharma AS

Gert W. Munthe
Chairman of the Board

Debasish F. Roychowdhury
Board Member

Per Erik Sørensen
Board Member

Øystein Rekdal
Chief Executive Officer

STATEMENT OF CASH FLOWS

(in NOK thousands)	Notes	2020	2019
Cash flows from operating activities			
Loss for the period		(42,088)	(33,227)
Adjustments for:			
Share-based payment expense	*14*	8,397	5,762
Increase/decrease in trade and other receivables		471	4,640
Increase/decrease in trade and other payables		8,874	(13,995)
Cash generated from operations		**(24,347)**	**(36,820)**
Income tax paid	*7*	-	-
Net cash flows from operations		**(24,347)**	**(36,820)**
Financing activities			
Proceeds from share issue	*12*	40,000	(5)
Net cash from/(used in) financing activities		**40,000**	**(5)**
Net increase in cash and cash equivalents		15,653	(36,825)
Cash and cash equivalents at the beginning of the period		12,796	49,621
Cash and cash equivalents at the end of the period		**28,450**	**12, 796**

NOTES TO THE ANNUAL ACCOUNTS 2020

ACCOUNTING POLICIES – LYTIX BIOPHARAMA AS

Basis for preparation and significant accounting policies

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

These financial statements were approved for issue by the Board of Directors on April 28, 2021.

Basis for preparation of financial statements

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

Use of estimates

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

Revenue recognition

Revenue comprises the fair value of any consideration received or due consideration for the sale of services in regular business activities. Revenue is presented net of value added tax provided the amount of revenue can be measured reliably and it is probable that the Company will receive any considerations.

The Company's products are still in the research and development phase, and it has no revenue from sales of products yet.

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

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

Foreign currency

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

Classification and assessment of balance sheet items

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

Intangible assets

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

Receivables

Accounts receivables and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables. Additionally, for accounts receivables, an unspecified provision is made to cover expected losses.

Share capital

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

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the profit and loss in the year to which they relate.

Other long-term service benefits

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

Share-based payments

Where equity settled share-options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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

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

Leased assets

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

is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

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

Research and development

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

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

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

Deferred taxation

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

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

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

Government grants

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

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

Provisions

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

Cash flow statement

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

Going concern

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

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

In 2021, the Company has decided to initiate a process to secure funding of the Company's development program, including phase II clinical trial in the US for the lead candidate LTX-315. The Board of Directors has mandated the management to subsequently list its shares on Euronext Growth Oslo. Arctic Securities AS and Sparebank 1 Markets AS have been engaged as financial advisors in the process. The capital raise is estimated to be completed in second quarter for 2021. If the share issue is delayed or smaller than expected, the Company has several opportunities to reduce the capital need. Postponing and or terminating projects can significantly reduce the capital need. The Company is of the opinion that the working capital available (including the proceeds from the share issue) will be sufficient for the Company's present requirements, for the period covering at least 12 months.

NOTE 1 - REVENUE

(in NOK thousands)	2020	2019
Revenue		
Other	3	310
Total Revenue	**3**	**310**

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

NOTE 2 – OTHER OPERATING INCOME

(in NOK thousands)	2020	2019
Other operating income		
Government grants recognized in profit and loss	4,071	6,029
Other	2,604	359
Other operating income	**6,675**	**6,388**

NOTE 3 – GOVERNMENT GRANTS

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

(in NOK thousands)	2020	2019
Government grants		
Tax refund (across all R&D activities)	3,168	3,631
The Norwegian Research Council (BIA grant)	903	2,398
Other operating income	**4,071**	**6,029**

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

The BIA grant is user-driven research-based innovation (Norwegian: Brukerstyrt innovasjonsarena, BIA). BIA funds industry-oriented research and has no thematic restrictions. This broad-based program supports high-quality R&D projects with good business and socio-economic potential.

NOTE 4 – SPECIFICATION OF AUDITOR'S FEE

(in NOK thousands)	2020	2019
Specification of the auditor's fee		
Statutory audit	145	251
Other non-assurance services	18	56
Tax consultant services	76	7
Total auditor's fee	**239**	**314**

VAT is not included in the fees specified above.

NOTE 5 – PAYROLL AND RELATED EXPENSES

(in NOK thousands)	2020	2019
Payroll and related expenses, including directors, comprise:		
Wages and salaries	10,952	11,564
Defined contribution pension cost	463	877
Share-based payment expense (note 14)	8,397	5,762
Social security contributions and similar taxes	2,874	2,568
Other personnel costs	730	144
Total payroll and related expenses	**23,416**	**20,915**

The number of man-years employed during the year:

	2019	2019
Number of man-years employed	7	8

The number comprises both regular employees on payroll as well as contracted personnel.

DEFINED CONTRIBUTION PENSION SCHEME

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

Management remuneration 2020

(in NOK thousands)	Salary	Board remuneration	Pension cost	Share-based payments	Other remuneration	Total
Management team:						
Øystein Rekdal, CEO (CSO)[1]	3,884	-	97	3,315	35	**7,331**
Board members (non-executive):						
Gert W. Munthe, Chairman	-	100	-	-	600[2]	**700**
Debasish F. Roychowdhury, member	-	200	-	-	-	**200**
Per Erik Sørensen, member	-	100	-	-	25	**125**

[1)] Øystein Rekdal's fixed salary is NOK 3,1 million. In 2020 he received a bonus linked to the upfront payment for the licensing agreement with Verrica Pharmaceuticals. He also got paid the deferred compensation for the period he served as CEO in 2019. Management and employees of the Company are entitled to an annual bonus based on the achievement of important milestones for the Company and for the individual employee. The maximum of such bonus is for the CEO up to 50% of annual base salary. There have been no such bonus payments for 2020.

[2)] At the end of 2019 the Company faced several simultaneous processes that could not be solved by the administration and the Board within the framework of what the administration and the Board normally handles. To resolve this extraordinary need, the Company entered into a consultancy agreement with North Murray AS ("NM") for the period until August 2020 where Gert W. Munthe will assist the Company. NM is controlled by Gert W. Munthe. In consideration for the consulting assignment, NM will invoice the Company a total of NOK 750,000.

Management remuneration 2019

(in NOK thousands)	Salary	Board remuneration	Pension cost	Share-based payments	Other remuneration	Total
Management team:						
Øystein Rekdal, CEO (CSO)[1]	1,627	-	72	84	13	**1,796**
Edwin Klumper, CEO[1]	2,355	-	47	81	6	**2,489**
Board members (non-executive):						
Gert W. Munthe, Chairman[2]	-	200	-	1,873	-	**2,073**
Debasish F. Roychowdhury, member	-	200	-	-	-	**200**
Per Erik Sørensen, member[3]	-	30	-	-	-	**30**
Espen Johnsen[2]	-	-	-	1,873	-	**1,873**
Bernt Endrerud[3]	-	200	-	-	-	**200**

[1] Edwin Klumper resigned from his position in August 2019. He was associated with the company until September but was no longer employed by the company from October. Øystein Rekdal took over as CEO from September 2019.

[2] Gert W. Munthe was elected as Chairman of the Board in December 2019. Espen Johnsen served as Chairman of the Board until December 2019.

[3] Per Erik Sørensen was elected as member of the Board in December 2019. Bernt Endrerud served as member of the Board until December 2019.

No loans or guarantees have been given to any members of the management, the Board of Directors, or other corporate bodies.

Besides the stock option programs and the fee paid to North Murray AS described above, no additional remuneration has been given for services outside the normal functions as a manager or non-executive director besides what is stated above.

Benefits upon termination

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

	2020	2019
Shares controlled by the management team and board members		
Management team:		
Øystein Rekdal, CEO	118,630	118,630
Board members (non-executive):		
Espen Johnsen, former Chairman	n/a	1,211,592
Gert W. Munthe, Chairman (as of December 2019)	2,523,582	2,154,527
Bernt Endrerud, former Board member	n/a	1,608,080
No. of shares controlled by the management team and board members	**2,642,212**	5,092,829

2020	Opening balance	Granted	Lapsed/ Forfeited	Ending balance
Options held by the management team				
Gert W. Munthe, Chairman (as of December 2019)	300,000	-	-	300,000
Øystein Rekdal, CEO (as of September 2019)	228,715	983,516	228,715	983,516
Baldur Sveinbjørnsson, CSO	126,101	393,407	126,101	393,407
Gjest Breistein, CFO	103,555	262,271	103,555	262,271
Jørund Sollid, CBO	-	196,703	-	196,703
No. of options owned by the management team	**758,371**	**1,835,897**	**458,371**	**1,835,897**

2019	Opening balance	Granted	Lapsed/ Forfeited	Ending balance
Options held by the management team				
Espen Johnsen, Chairman	600,000	300,000	(600,000)	300,000
Gert W. Munthe, Chairman (as of December 2019)	-	300,000	-	300,000
Edwin Klumper, CEO	188,135	-	(188,135)	-
Øystein Rekdal, CEO (as of September 2019)	228,715	-	-	228,715
Baldur Sveinbjørnsson, CSO	126 101	-	-	126, 101
Gjest Breistein, CFO	103,555	-	-	103,555
No. of options owned by the management team	**1,246,551**	**600,000**	**(788,135)**	**1,058,371**

As of December 31, 2020, the Company operates one equity-settled share-based remuneration scheme for employees. See note 15.

NOTE 6 – FINANCE INCOME AND EXPENSES

(in NOK thousands)	2020	2019
Financial income		
Interest income	347	461
Foreign exchange gains	260	79
Other financial income	8	344
Total financial income	**615**	**884**

(in NOK thousands)	2020	2019
Financial expenses		
Foreign exchange losses	331	338
Total financial expenses	**331**	**338**

NOTE 7 – TAX

(in NOK thousands)	2020	2019
Current tax		
Tax payable	-	-
Correction of previous years current income taxes	-	-
Deferred tax		
Changes in deferred tax	-	-
Changes in tax rate	-	-
Tax expense	**-**	**-**

(in NOK thousands)	2020	2019
Pre-tax profit	(42,088)	(33,227)
Income taxes at 22 %	**(9,259)**	**(7,310)**
Changes in unrecognized deferred tax asset	7,854	6,669
Change in tax rate	-	-
Non-deductible expenses	1,406	641
Tax expense	**-**	**-**

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

(in NOK thousands)	Balance sheet		Change	
	2020	2019	2020	2019
Deferred tax assets				
Property, plant and equipment	27	36	(9)	-225
Net tax on losses carried forward	147,818	139,955	7,863	6,894
Deferred tax assets	**147,845**	**139,991**	**7,854**	**6,669**
Net deferred tax assets	147,845	139,991	7,854	6,669
Net deferred tax assets not recognized	(147,845)	(139,991)	(7,854)	(6,669)
Net recognized deferred tax assets	**-**	**-**	**-**	**-**

Deferred tax assets on losses carried forward, in total NOK 148 million as at December 31, 2020 (2019: NOK 140 million), have not been recognized because it is not probable that taxable profits will be available against which deductible temporary differences can be utilized.

The Company has a total tax loss carried forward of NOK 672 million as at December 31, 2020 (2019: NOK 636 million) which has no due date.

NOTE 8 – INTANGIBLE ASSETS

The Company has no intangible assets as all ongoing projects have been classified as research.

NOTE 9 – TRADE AND OTHER RECEIVABLES

(in NOK thousands)	2020	2019
Trade receivables	-	48
Trade receivables, net	**-**	**48**
Government grants	3,168	3,631
VAT	463	245
Prepayments	536	445
Other receivables	-	269
Total trade and other receivables	**4,168**	**4,638**

NOTE 10 – CASH AND CASH EQUIVALENTS

(in NOK thousands)	2020	2019
Cash and cash equivalents		
Employee withholding tax	1,299	750
Variable rate bank accounts	27,150	12,046
Total cash and cash equivalents	**28,450**	**12,796**

NOTE 11 – OTHER CURRENT LIABILITIES

(in NOK thousands)	2020	2019
Other current liabilities		
Accounts payable	3,284	-
Accrual for annual leave	1,063	754
Other accruals	3,570	1,383
Tax and social security payments	2,845	1,685
Other payables	1,966	32
Total other current liabilities	**12,728**	**3,854**

NOTE 12 – EQUITY AND SHARE CAPITAL

(in NOK thousands)	Share capital	Share premium	Paid-in share capital – Unreg.	Total equity
Balance at January 1, 2020	**2,289**	**11,291**	**-**	**13,580**
Capital increase 16.03.2020	292	34,708	-	35,000
Capital increase 16.04.2020	42	4,958	-	5,000
Loss for the period		(42,088)	-	(42,088)
Share based payments		8,397	-	8,397
Balance at December 31, 2020	**2,623**	**17,266**	**-**	**19,889**

For 2019, the share premium has been adjusted to reflect the correction of an error in payroll and related expenses. In 2019 social security tax expense was miscalculated on the share option expense. The social security tax expense and liability are increased by NOK 812 thousand resulting in a decrease of the share premium per December 31, 2019.

Share capital at December 31, 2020 is NOK 2,622,712 (December 31, 2019: NOK 2,289,378), being 26,227,120 ordinary shares at a nominal value of NOK 0.1. All shares carry equal voting rights.

	2020	2019
Change in the number of shares during the period was as follows		
Ordinary shares at January 1	**22,893,784**	**22,893,784**
Issue of ordinary shares by Share Issue registered 16.03.2020 [1)]	2,916,667	n/a
Issue of ordinary shares by Share Issue registered 16.04.2020[2)]	416,669	n/a
Ordinary shares per December 31	**26,227,120**	**22,893,784**

[1)] Lytix Biopharma AS increased its share capital on 16.03.2020 with NOK 291 667, by issuing 2 916 667 shares at par value 0.1 per share for a private placement towards certain existing shareholders.

[2)] Lytix Biopharma AS increased its share capital on 16.03.2020 with NOK 41 667, by issuing 416 669 shares at par value 0,1 per share for a repair issue towards all existing shareholders.

Top 20 shareholders as of December 31, 2020:

No.	Shareholders	No. of shares	Percentage share of total no. of shares
1	Taj Holding AS	4,440,850	16.9%
2	North Murray AS	2,532,582	9.7%
3	Jakob Hatteland Holding AS	2,068,392	7.9%
4	3 T produkter AS	1,808,764	6.9%
5	Care Holding AS	1,608,080	6.1%
6	Picasso Kapital AS	1,122,860	4.3%
7	Brødrene Karlsen Holding AS	1,042,607	4.0%
8	Mikael Lönn	741,967	2.8%
9	Dansk Bank International S.A.	685,184	2.6%
10	Lysnes Invest AS	615,654	2.3%
11	Per Strand Eiendom AS	5,79,683	2.2%
12	Norinnova Invest AS	557,510	2.1%
13	Kvasshøgdi AS	493,616	1.9%
14	Hopen Invest AS	481,117	1.8%
15	LMK Forward AB	420,363	1.6%
16	Jahatt AS	250,000	1.0%
17	Kreftforeningen	218,000	0.8%
18	Frewi AS	200,010	0.8%
19	JPB AS	200,000	0.8%
20	Harila Invest AS	192,680	0.7%
	Total no. of shares for top 20 shareholders	**20,259,919**	**77.2%**
	Total no. of shares for the other shareholders	5,967,201	22.8%
	Total no. of shares	**26,227,120**	**100.0%**

NOTE 13 – LEASES

The Company has operating leases for offices. The leases do not contain any restrictions on the Company's dividend policy or financing. The current office lease at Hoffsveien 4, Oslo expires at the end of august 2021. Lytix is currently reviewing different office alternatives.

The lease costs were as follows:

(in NOK thousands)	2020	2019
Operating leases		
Ordinary lease payments	1,395	1,918
Total operating leases	**1,395**	**1,918**

(in NOK thousands)	2020	2019
Within 1 year	850	1,200
1 to 5 years	-	800
After 5 years	-	-
Sum	**850**	**2,000**

NOTE 14 – SHARE OPTION PROGRAMS

Since 2013 Lytix has established seven share-based incentive programs (A, B, C, D, E, Chairman and Strategic advisors) for the Company's management, employees and consultants to the Company, under which the entity receives services from employees as consideration for equity instruments in Lytix Biopharma AS. The incentive programs consist of share options. In September 2020, all employees were awarded share options in the new option program E replacing all existing option programs for the employees. By year-end 2020 Lytix has the following active share-based incentive programs: E, Chairman and Strategic advisors. A description of the incentive programs is given below.

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 330,440 share options ("Incentive Program B"). As of December 31, 2019, a total of 255,340 share options were reserved for certain specific individuals. A total of 168,320 share options are forfeited because the individual is no longer employed by the Company. The expiry date for program B is December 31, 2021. A total of 25,000 options in program B vested during 2019. None of the outstanding options as at December 31, 2019 are subject to vesting.

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 300,000 share options ("Incentive Program C"). As of December 31, 2018, a total of 80,000 share options were reserved for certain specific individuals. All 80,000 share options are forfeited because the individual is no longer employed by the Company, thus there are no outstanding options as at December 31, 2019.

Incentive Program D 2018/2023

On September 11, 2018, the Board of Directors of the Company decided to implement a share option program with a maximum of 1,500,000 share options ("Incentive Program D"). As of December 31, 2019, a total of 1,011,857 share options were reserved for certain specific individuals, whereof 761,860 were allotted to these individuals through share option agreements. The remaining 249,997 options are subject to successful share issue. A total of 88,135 share options are forfeited because the individual is no longer employed by the Company. The expiry date for program D is May 1, 2023. For program D, a total of 432,200 of the options granted is subject to a vesting period. The options are subject to quarterly vesting up until the expiry date. A total of 93,720 options in program D vested during 2019.

Incentive Program E 2019/2025

At the annual general meeting 2019 it was resolved to issue 2,289,378 options to establish a share option program for all employees of the Company which would replace all existing option programs for employees ("Incentive Program E"). The number of options corresponded to 10% of the outstanding shares as of the date of the general meeting. It is the Company's overall ambition that the number of options in the program should be up to 10% of the total number of shares issued in the Company, also after future issues. In the beginning of 2020 two share issues were completed increasing the number of outstanding shares to 26,227,120. At the annual general meeting 2020 it was resolved to issue 333,334 new options in the share option program, increasing the size of the program to 2,622,712 share options. As of December 31, 2020, a total of 2,032,601 share options were allotted to certain specific individuals through share option agreements. A total of 616,335 of the options granted is subject to a vesting period. The expiry date for program E is May 1, 2025.

Incentive Program Chairman 2018/2023 & 2019/2025

On April 24, 2018, the Board of Directors of the Company decided to allot 600,000 share options to the new chairman of the board, Espen Johnsen ("Incentive Program Chairman"). The expiry date for program Chairman was May 1, 2023. On December 2, 2019, Espen Johnsen resigned as chairman. At the same time, the number of options was reduced to 300,000 and the terms of the options were revised. The new expiry date for program Chairman is May 1, 2025. New Chairman Gert W. Munthe was granted 300,000 options on similar terms. None of the outstanding options as at December 31, 2019 are subject to vesting.

Incentive Program Strategic advisors 2019/2024

On June 12, 2019, the Board of Directors of the Company decided to implement a share option program of 467,220 share options ("Incentive Program Strategic advisors") to certain strategic advisors. The expiry date for program Strategic advisors is

June 12, 2024. The options are subject to quarterly vesting over two years. A total of 233,610 options in program Strategic advisors vested during 2020.

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

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

	Program E		Chairman		Strategic advisors	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at January 1, 2019	**-**	**-**	**25.0**	**600,000**	**-**	**-**
Granted during the period			12.0	600,000	12.0	467,220
Forfeited during the period			25.0	(600,000)	-	-
Exercised during the period			-	-	-	-
Lapsed during the period			-	-	-	-
Outstanding at December 31, 2019	**-**	**-**	**12.0**	**600,000**	**12.0**	**467,220**
Outstanding at January 1, 2020	**-**	**-**	**12.0**	**600,000**	**12.0**	**467,220**
Granted during the period	12.0	2,032,601				
Forfeited during the period						
Exercised during the period						
Lapsed during the period						
Outstanding at December 31, 2020	**12.0**	**2,032,601**	**12.0**	**600,000**	**12.0**	**467,220**

	Program B		Program C		Program D	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at January 1, 2019	**35.0**	**137,020**	**27.2**	**50,000**	**20.0**	**761,860**
Granted during the period	-	-	-	-	-	-
Forfeited during the period	35.0	(50,000)	27.2	(50,000)	20.0	(88,135)
Exercised during the period	-	-	-	-	-	-
Lapsed during the period	-	-	-	-	-	-
Outstanding at December 31, 2019	**35.0**	**87,020**	**-**	**-**	**20.0**	**673,725**
Outstanding at January 1, 2020	**35.0**	**87,020**	**-**	**-**	**20.0**	**673,725**
Granted during the period						
Forfeited during the period*	35.0	87,020	-	-	20.0	673,725
Exercised during the period						
Lapsed during the period						
Outstanding at December 31, 2020	**-**	**-**	**-**	**-**	**-**	**-**

* Options in program B and D were replaced by new options in program E

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

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

Equity settled	Program B	Program C	Program D
Option pricing model used		Black & Scholes	
Weighted average share price at grant date (NOK)	27.2	27.2	10.0
Exercise price (NOK)	35.0	27.2	20.0
Expected volatility	60.0 %	60.0 %	58.4 %
Expected dividend growth rate	0	0	0
Risk-free interest rate	0.8 %	1.1 %	1.5 %

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

The share-based remuneration expense comprises:

(in NOK thousands)	2020	2019
Equity settled schemes	8,397	5,762
Total remuneration expense	**8,397**	**5,762**

NOTE 15 – EVENTS AFTER THE REPORT DATE

January 20, 2021 Lytix announced that the U.S. Food and Drug Administration (FDA) had approved the company's Investigational New Drug (IND) application for LTX-315. The IND approval enables Lytix to conduct a Phase II clinical trial in the US designed to assess the efficacy of LTX-315 in several types of solid tumors including metastatic breast cancer and head and neck squamous cell carcinoma. The trial will be a multicenter study including M.D. Anderson Cancer Center in Texas, which is one of the world leading cancer hospitals.

In the fiscal year 2O2O, the company is dealing with the consequences of the COVID-19 virus. Government measures to curb the virus have affected economic activity. The company considers this to be an event after the balance sheet date that does not provide any further information about the actual situation on the balance sheet date. We have taken several measures to limit the effects of the COVID-19 virus, such as safety and health measures for our people (such as social distancing and working from home). We will continue to follow government policies and advice while doing our best to continue our operations in the best possible and safest way without compromising the health of our people. These measures, with the continued financial support of the Company, are reason for the Board of Directors to rely on the sustainable continuation of the business activities so that the financial statements are prepared on a going concern basis.

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Lytix Biopharma AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lytix Biopharma AS, which comprise the balance sheet as at 31 December 2020, statement of comprehensive income, and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is

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properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Tromsø, 29 April 2021
ERNST & YOUNG AS

The auditor's report is signed electronically

Kai Astor Frøseth
State Authorised Public Accountant (Norway)

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF LYTIX BIOPHARMA AS FOR THE YEAR ENDED 31 DECEMBER 2019

Lytix Biopharma

ONCOLYTIC PEPTIDES FIRST

Annual Report 2019

DIRECTORS' REPORT FOR 2019

2019 was a memorable and very busy year for Lytix Biopharma AS ("Lytix" or the "Company").

Main events during 2019:

- In January Lytix Biopharma announced dosing of the first patient in a Phase II study with its first in class oncolytic peptide, LTX-315, administered in combination with adoptive T-cell therapy in patients with progressive advanced soft tissue sarcoma. The objective of the trial is to assess the safety and efficacy of intratumoral administration of LTX-315 and adoptive T-cell therapy in patients with advanced soft tissue sarcoma. This proof of concept study will evaluate the potential for LTX-315 to induce T-cell infiltration prior to isolation and expansion of tumor infiltrating lymphocytes (TILs) followed by infusion of the cultured TILs to the patient.

  So far, three patients have received LTX-315 treatment. In one patient, the disease was stabilized by the treatment, resulting in progression free survival for 8 months. The two other patients continued to have progressive disease. No severe side effects related to LTX-315 have been reported in the three patients. The study was put on hold in September due to slow recruitment rate. It was also decided to amend the protocol to increase the efficacy of the treatment.

- Lytix Biopharma presented three posters at the American Association for Cancer Research (AACR) Annual Meeting. The three posters covered (1) animal data on liver cancer treated with LTX-401, (2) data on sarcoma patients treated with LTX-315, and (3) data on melanoma patients treated with LTX-315.

- In collaboration with a research team at Harvard, Lytix Biopharma published the effect of LTX-315 in clinically relevant cancer models resistant to several types of chemotherapies and immunotherapies in the high-ranking journal Cell Stress. Lytix has ongoing research projects together with research groups at Cornell Medical University, New York, and at National Cancer Institute, Bethesda, U.S.A.

- In June Lytix Biopharma announced that Nobel Laureate Dr James (Jim) Allison (PhD) and Oncologist Dr Padmanee (Pam) Sharma (MD) from the MD Anderson Cancer Center had joined Lytix` Scientific Advisory Board and that they also will serve as Company Strategic Advisors.

  Dr. Allison is Regental Professor and Chair of Immunology and Executive Director of Immunotherapy at the MD Anderson Cancer Clinic, University of Texas. He is also a director of the Cancer Research Institute scientific advisory council. His research elucidated the mechanism behind T cell activation and pioneered the first immune checkpoint blocker drug for the treatment of cancer. His work has radically transformed the landscape for cancer treatment, shifting it away from targeting a tumor to instead using the immune system to destroy cancer cells.

  Dr. Sharma is a prominent leader in oncology specializing in kidney, bladder and prostate cancer. She is a professor of Genitourinary Medical Oncology and Immunology in the Division of Cancer Medicine, the T.C. and Jeanette Hsu Endowed Chair in Cell Biology, the Scientific Director of the Immunotherapy Platform and the Co-Director of the Parker Institute for Cancer Immunotherapy at The University of Texas MD Anderson Cancer Center.

- In September Øystein Rekdal was promoted to the position as CEO for Lytix, succeeding Edwin Klumper. Rekdal is one of the founders of Lytix Biopharma and its portfolio, including LTX-315 and LTX-401. Rekdal served as a CEO of Lytix Biopharma in the first years after the company was established and has later served as CSO and Head of R&D. Rekdal has world leading expertise on oncolytic peptides and he possesses a broad international network within immuno-oncology. Rekdal knows the company very well, the technological platform, the organization and the future challenges

- A new Board was elected in December 2019; Gert W. Munthe (Chair), Debasish Roychowdhury and Per Erik Sørensen.

- In October Lytix Biopharma signed a clinical collaboration agreement with the US listed company Iovance Biotherapeutics, Inc. (NASDAQ: IOVA), a late-stage biotechnology company developing novel cancer immunotherapies based on tumor infiltrating lymphocyte (TIL) technology. The clinical collaboration will evaluate Lytix` first-in-class oncolytic peptide, LTX-315, in combination with Iovance` autologous ready to infuse T cell therapy. The goal of the collaboration is to document whether the combination of the two technologies represents a new approach to using patients own T cells in the treatment of cancer. For Lytix, this is a major and important milestone and confirms that commercial players in the field are interested in our technology. The collaboration is a non-exclusive collaboration where both parties will maintain ownership of their own assets.

- Øystein Rekdal gave an oral presentation at the ESMO Immuno-Oncology Congress 2019 (European Society for Medical Oncology), in Geneva for approximately 1,000 attendees. The presentation was very well received. The ESMO Immuno-Oncology Congress is an annual event devoted entirely to the development and use of the immunotherapies against cancer.

- In December Lytix Biopharma signed a contract with Covance, a global leading CRO, that will assist Lytix with the IND (application for approval from FDA to run clinical studies in the US). The IND process has been initiated.

- Throughout 2019, Lytix Biopharma has experienced the challenging climate within the capital market for unlisted biotech companies. The Company has met with many life science specialist investors in both EU and US, but the interest was lower than expected. Several specialist investors provided good feedback on our technology, but they want more solid clinical results before considering investing. In the last quarter of 2019, the Company reached out to existing shareholders to secure a private placement. The private placement was completed in February 2020 and was followed up with a repair issue in March 2020. In total Lytix Biopharma raised NOK 40 million through these two events.

Background and strategy

Lytix Biopharma AS was established in 2003 and has its main activities in Oslo, Norway.

The Company's clinical stage product, LTX-315, turns cold tumors hot providing access to antigens and tumor infiltrating lymphocytes (TILs) using the patient's own tumor as source. The technology has potential to address several indications and therapeutic areas. Lytix has a strong patent portfolio with protection lasting up to 2032.

Lytix' strategy involves developing projects through Phase II, and subsequently collaborate with partners for late stage development and commercialization. The Company consider retaining commercial rights in selected geographical areas and consider strategic partnerships at any point in time if appropriate and in the best interest of Lytix.

Financial review

Accounting policies

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

Operating income

Revenue for 2019 for the Company amounted to NOK 310 thousand compared to NOK 337 thousand in 2018. Other income, mainly public grants, amounted to NOK 6,388 thousand for 2019 compared to NOK 11,501 thousand for 2018.

Operating expenses

Total operating expenses decreased to NOK 39,658 thousand in 2019 from NOK 74,206 thousand in 2018 for the Company. Loss from operations for the Company amounted to NOK 32,960 thousand in 2019 compared to NOK 62,368 thousand in 2018.

Net financial items

Lytix' net financial items constituted NOK 546 thousand in 2019 (2018: NOK 853 thousand).

Net result

The loss for the period was NOK 32,415 thousand for 2019 compared to a loss of NOK 61,515 thousand for 2018.

Financial position and cash flow

Cash and cash equivalents were NOK 12,796 thousand for the Company at the end of 2019 compared to NOK 49,621 thousand end of 2018.

Total liabilities for the Company were NOK 3,042 thousand in 2019, including accrued, non-invoiced cost from ongoing projects (2018: 17,849 thousand).

Shareholders' equity for the Company was NOK 14,393 thousand at the end of 2019, compared to NOK 41,051 thousand at the end of 2018.

Deferred tax asset is not reflected in the statement of financial position as the Company is in a development phase and is currently generating losses.

The Board stated that the annual accounts represent a true and fair view of the Company's financial position at the turn of the year. According to the Norwegian Accounting Act §3-3 (a), the Board of Directors confirmed that the financial statements have been prepared under the assumption of going concern and that the grounds for this assumption exist.

Allocation of the 2019 result

The Company's annual result amounted to a loss of NOK 32,415 thousand. The Board of Directors proposed that the loss is transferred from Share Premium Reserve.

Financial risks

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

The Company controls its cash flow from both long- and short-term perspectives through rolling cash forecasts. The Company has no loan agreements involving covenants or other financial instruments or requirements. There is an inherent risk around future financing of the Company, depending upon the Company's own performance and on the financial market conditions. In 2019, the Company has initiated a financing round with the intention to raise capital to fund the Company's capital need for further development and documentation of its technologies. The capital raise was planned to be conducted as one or several share issue(s) toward one single investor or a defined club of investors. The share issue was finalized in first quarter of 2020. The Company raised in total NOK 40 million.

Non-financial risks

Technology risk

The Company's lead product candidate, LTX-315, is still at a relatively early stage (Phase ll) and the clinical studies may not prove to be successful.

Competitive technology

Immunotherapy and other cancer therapy industries are in general highly competitive and dynamic, and as such a high-risk business.

Market risks

The financial success of the Company will require beneficiary partner agreements as well as obtaining market access and reimbursement/pricing at attractive levels. There can be no guarantee that the Company's product(s) will meet these requirements. The Company will need approvals from the European Medicines Agency (EMA) to market products in Europe and

from the US Food and Drug Administration (FDA) to market its products in the US, as well as equivalent regulatory authorities in other foreign jurisdictions to commercialize in those regions.

Personnel and organization

Lytix Biopharma's senior management team at year-end consists of Øystein Rekdal, Chief Executive Officer, Baldur Sveinbjørnsson, Chief Scientific Officer, and Gjest Breistein, Chief Financial Officer. In addition, Kamal Saini works as a Chief Medical Officer consultant hired from Covance.

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

Health, safety and environment (HSE)

During 2019, the Company had 8 employees (constituting 8 man-years). The working environment is good. No accidents or injuries were reported in 2019. Absence due to illness was all short term and minimal, and in line with 2018.

The Company aims to be a workplace with equal opportunities for women and men in all areas. The Company has traditionally recruited from environments where women and men are relatively equally represented. In terms of gender equality within the Company, women constitute 0 % of the Board members and 0 % of the senior management team. The Company promotes a productive working environment, does not tolerate disrespectful behavior, and the Company is an equal opportunity employer. Discrimination in hiring, compensation, training, promotion, termination or retirement based on ethnic and national origin, religion, sex or other distinguishing characteristics is not acceptable.

External environment

The Company does not pollute the external environment to a greater extent than is normal for this industry. Production and logistics are outsourced to qualified partners who are obliged to follow GMP and all applicable standards.

Statement of corporate social responsibility – Code of Conduct

The Company's business is based on trust. For the confidence of its customers, employees, shareholders and other stakeholders, ethics and values have to play a prominent role in all operations. The Company is committed to operating in accordance with responsible, ethical and sound corporate and business principles and will strive to be in compliance with all applicable laws and public regulations. This requires the collective effort of all employees in the Company.
This Code of conduct applies to all employees and Board members in entities owned by the Company. By agreement it may also apply to others acting on behalf of the Company.

Board statement on corporate governance

The Company considers good corporate governance to be a prerequisite for value creation and trustworthiness and for access to equity. In order to secure strong and sustainable corporate governance, it is important that the Company ensure good business practices, reliable financial reporting and an environment of compliance with legislation and regulations. The Company's Board of Directors actively adheres to good corporate governance standards and will at all times ensure that the Company complies with "The Norwegian Code of Practice for Corporate Governance" (the "Code"), most recently revised 30 October 2014 issued by the Norwegian Corporate Governance Policy Board (NCGB), or explain possible deviations from the Code.

Deviations from the Code:

- As Chief Scientific Officer, Øystein Rekdal, was a member of the nomination committee, which is a deviation from the Code, which says that the members of the executive management shall not be members of the nomination committee. As one of the founders of the Company, Mr. Rekdal has been a valuable member of the nomination committee, but he was replaced by Baldur Sveinbjørnsson in December 2019.

- Chief Scientific Officer, Baldur Sveinbjørnsson, is a member of the nomination committee, which is a deviation from the Code which says that the members of the executive management shall not be members of the nomination committee.

Mr. Sveinbjørnsson has been involved in Lytix Biopharma since its inception and is an expert on the Company's technology.

Board of Directors of Lytix Biopharma AS

The composition of the Board of Directors is at year-end as follows: Gert Wilhelm Munthe (Chair), Debasish Roychowdhury and Per Erik Sørensen.

Espen Johnsen (as Chair) and Bernt Endrerud served on the Board until December 3, 2019 when Gert W. Munthe was elected as Chair and Per Erik Sørensen was elected in as a new member.

All board members are independent of the Company's executive personnel and material business at year-end. Gert W. Munthe controls a significant number of shares in the Company through North Murray AS.

The Board of Directors held 12 Board meetings during the fiscal year 2019.

Significant events after 31 December 2019

Lytix has completed two share issues in 2020. In February 2020, Lytix raised NOK 35 million through a private placement. In March 2020 the Company raised NOK 5 million in a repair issue. No other material events occurred between the balance sheet date and the date when the accounts were presented providing new information about conditions prevailing on the balance sheet date.

Oslo, May 28, 2020

The Board of Directors and the Chief Executive Officer of Lytix Biopharma AS

Gert W. Munthe
Chairman of the Board

Debasish F. Roychowdhury
Board Member

Per Erik Sørensen
Board Member

Øystein Rekdal
Chief Executive Officer

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

(in NOK thousands)	Notes	2019	2018
Revenue	*1*	310	337
Other operating income	*2,3*	6,388	11,501
Total operating income		**6,698**	**11,838**
Payroll and related expenses	*5,15*	(20,103)	(19,496)
Depreciation and amortization expenses	*8,9*	-	(6)
Direct R&D expenses		(14,021)	(39,898)
Other expenses	*4,14*	(5,535)	(14,806)
Total operating expense		**(39,658)**	**(74,206)**
Loss from operations		**(32,960)**	**(62,368)**
Financial expenses	*6*	(338)	(511)
Financial income	*6*	884	1,364
Net financial items		**546**	853
Loss before tax		**(32,415)**	**(61,515)**
Tax expense	*7*	-	-
Loss for the period		**(32,415)**	**(61,515)**
Transfers:			
Transfers to/from reserves		(32,415)	(61,515)
Transfers to/from other equity		-	-
Total transfers and allocations		**(32,415)**	**(61,515)**

STATEMENT OF FINANCIAL POSITION

(in NOK thousands)	Notes	31.12.2019	31.12.2018
Assets			
Non-current assets			
Property, plant and equipment	*8*	-	-
Total non-current assets		**-**	**-**
Current assets			
Trade and other receivables	*10*	4,638	9,278
Cash and cash equivalents	*11*	12,796	49,621
Total current assets		**17,434**	**58,900**
Total assets		**17,434**	**58,900**
Shareholders equity and liabilities			
Issued capital and reserves			
Share capital		2,289	2,249
Paid-in share capital, unregistered	*13*	-	4,000
Share premium reserve		12,103	34,801
Total equity	***13***	**14,393**	**41,051**
Liabilities			
Current liabilities			
Trade payables		-	13,184
Other current liabilities	*12*	3,042	4,665
Total current liabilities		**3,042**	**17,849**
Total liabilities		**3,042**	**17,849**
Total equity and liabilities		**17,434**	**58,900**

Oslo, May 28, 2020

The Board of Directors and the Chief Executive Officer of Lytix Biopharma AS

Gert W. Munthe Chairman of the Board	Debasish F. Roychowdhury Board Member	Per Erik Sørensen Board Member

Øystein Rekdal
Chief Executive Officer

STATEMENT OF CASH FLOWS

(in NOK thousands)	Notes	2019	2018
Cash flows from operating activities			
Loss for the period		(32,415)	(61,515)
Adjustments for:			
Depreciation and amortization expenses	*8,9*	-	6
Interest received	*6*	-	-
Share-based payment expense	*15*	5,762	3,495
Increase/decrease in trade and other receivables		4,640	2,850
Increase/decrease in trade and other payables		(14,807)	(17,452)
Cash generated from operations		**(36,820)**	(72,616)
Income tax paid	*7*	-	-
Net cash flows from operations		**(36,820)**	(72,616)
Investing activities			
Demerger of subsidiary		-	-
Interest received	*6*	-	-
Net cash from /(used) in investing activities		**-**	**-**
Financing activities			
Proceeds from share issue	*13*	(5)	87,280
Net cash from/(used in) financing activities		**(5)**	87,280
Net increase in cash and cash equivalents		(36,825)	14,664
Cash and cash equivalents at the beginning of the period		49,621	34,957
Cash and cash equivalents at the end of the period		**12, 796**	**49,621**

NOTES TO THE ANNUAL ACCOUNTS 2019

ACCOUNTING POLICIES – LYTIX BIOPHARAMA AS

Basis for preparation and significant accounting policies

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

These financial statements were approved for issue by the Board of Directors on May 28, 2020.

Basis for preparation of financial statements

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

Revenue recognition

Revenue comprises the fair value of consideration received or due consideration for the sale of services in regular business activities. Revenue is presented net of value added tax. Provided the amount of revenue can be measured reliably and it is probable that the Company will receive any considerations

The Company's products are still in the research and development phase, and it has no revenue from sales of products yet.

Investments in Subsidiaries and Associates

The cost method is applied to investments in subsidiaries and associates. The cost price is increased when funds are added through capital increases or when a company's contribution are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/Group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividends from other companies are reflected as financial income when it has been approved.

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20 % and 50 % of the voting rights.

Foreign currency

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

Financial assets

The Company's financial assets are classified into the loans and receivables categories.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the profit and loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired, trade payables and other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

Share capital

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

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the profit and loss in the year to which they relate.

Other long-term service benefits

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

Share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied,

a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

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

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

Leased assets

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

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

Intangible assets

Intangible assets acquired separately that have a finite useful life are carried at cost less accumulated amortization and any impairment charges. Amortization is calculated on a straight-line basis over the asset's expected useful life and adjusted for any impairment charges. The estimated useful life of the asset are as follows:

Intangible asset	Useful economic life	Depreciation method
Patents and rights	5 years	Straight-line basis

Research and development

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

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

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

Deferred taxation

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

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

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

Property, plant and equipment

Items of property, plant and equipment are initially recognized at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Freehold land is not depreciated.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of the asset. If significant individual parts of the assets have different useful lives, they are recognized and depreciated separately. Depreciation commences when the assets are ready for their intended use. The estimated useful lives of the assets are as follows:

- Office equipment 3 years
- Furniture and fittings 3 years
- Laboratory equipment 3-5 years

The estimated useful life of fixed assets related to the laboratory equipment, is based on the Company's assessment of operational risk. Due to scientific and regulatory reasons there is a risk of termination of the project. This has been taken into account when determining the estimated useful life of the individual assets.

Government grants

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

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

Provisions

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

Going concern

These financial statements have been prepared under the assumption that the Company will continue as a going concern. The

going concern basis of presentation assumes that the Company will be able to meet its obligations and continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's ability to continue as a going concern depends on its ability to obtain additional equity financing. The Company has funded its operations primarily by shares issuances. While the Company has been successful in raising sufficient funding in the past, there can be no assurance it will be able to do so in the future. In 2019, the Company has initiated a financing round with the intention to raise capital from a group of specialist investors to fund the Company's capital need for further development and documentation of its technologies. The capital raise was completed in 2020 when Lytix raised NOK 40 million in one private placement and a subsequent repair issue.

NOTE 1 - REVENUE

(in NOK thousands)	2019	2018
Revenue		
Provision of services	-	-
Other	310	337
Total Revenue	**310**	**337**

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

NOTE 2 – OTHER OPERATING INCOME

(in NOK thousands)	2019	2018
Other operating income		
Government grants recognized in profit and loss	6,029	11,486
Other	359	15
Other operating income	**6,388**	**11,501**

NOTE 3 – GOVERNMENT GRANTS

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

(in NOK thousands)	2019	2018
Government grants		
Tax refund (across all R&D activities)	3,631	6,819
The Norwegian Research Council (BIA grant)	2,398	4,667
Other operating income	**6,029**	**11,486**

The SkatteFUNN R&D tax incentive scheme is a government program designed to stimulate research and development (R&D) in Norwegian trade and industry. Approved projects may receive a tax deduction of up to 20 percent of the eligible costs related to R&D activity. All costs must be associated with the approved project.

The BIA grant is user-driven research-based innovation (Norwegian: Brukerstyrt innovasjonsarena, BIA). BIA funds industry-oriented research and has no thematic restrictions. This broad-based program supports high-quality R&D projects with good business and socio-economic potential.

NOTE 4 – SPECIFICATION OF AUDITOR'S FEE

(in NOK thousands)	2019	2018
Specification of the auditor's fee		
Statutory audit	251	375
Other non-assurance services	56	9
Tax consultant services	7	126
Total auditor's fee	**314**	**510**

VAT is not included in the fees specified above.

NOTE 5 – PAYROLL AND RELATED EXPENSES

(in NOK thousands)	2019	2018
Payroll and related expenses, including directors, comprise:		
Wages and salaries	11,564	13,021
Defined contribution pension cost	877	641
Share-based payment expense (note 15)	5,762	3,495
Social security contributions and similar taxes	1,756	2,221
Other personnel costs	144	118
Total payroll and related expenses	**20,103**	**19,496**

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

The number of man-years employed during the year:

	2019	2018
Number of man-years employed	8	11

The number comprises both regular employees on payroll as well as contracted personnel (3 man-years).

Management remuneration 2019

(in NOK thousands)	Salary	Pension cost	Share-based payments	Other remuneration	Total
Management team:					
Øystein Rekdal, CEO (CSO)[1]	1,627	72	84	13	**1,796**
Baldur Sveinbjørnsson, CSO [2]	976	43	63	7	**1,089**
Gjest A. Breistein, CFO	1,582	70	84	11	**1,747**
Edwin Klumper, CEO[1]	2,355	47	81	6	**2,489**
Hamina Patel, CMO[4]	1,567	63	-	5	**1,635**
Board members (non-executive):					
Gert W. Munthe, Chairman[3]	200	-	1,873	-	**2,073**
Debasish F. Roychowdhury, member	200	-	-	-	**200**
Per Erik Sørensen, member[5]	30	-	-	-	**30**
Espen Johnsen[3]	-	-	1,873	-	**1,873**
Bernt Endrerud[5]	200	-	-	-	**200**
Nomination Committee[6]:					
Lars Bakklund, Chairman	30	-	-	-	**30**
Lise Von Tangen-Jordan	-	-	-	-	**-**
Baldur Sveinbjørnsson	-	-	-	-	**-**
Øystein Rekdal (incl.in figures above)	30	-	-	-	**30**
Per Erik Sørensen (incl. in figures above)	30	-	-	-	**30**

[1] Edwin Klumper resigned from his position in August 2019. He was associated with the company until September but was no longer employed by the company from October. Øystein Rekdal took over as CEO from September 2019.

[2] Baldur Sveinbjørnsson took over as CSO after Øystein Rekdal changed his position in August 2019.

[3] Gert W. Munthe was elected as Chairman of the Board in December 2019. Espen Johnsen served as Chairman of the Board until December 2019.

[4] Hamina Patel was working for the Company on a contracted basis and all additional costs are carried by the director's company (social fees, pension, withholding tax etc.) until April 30, 2019. From then Hamina Patel has been a regular employee of Lytix. Other remuneration could also include refund of travel and other expenses. Hamina resigned in September and worked until end of December 2019.

Besides this, Lytix paid the invoices amounting to NOK 1.2 mill to her company, StratiPhy Consulting Ltd., for the services provided up to and including April 2019.

[5] Per Erik Sørensen was elected as member of the Board in December 2019. Bernt Endrerud served as member of the Board until December 2019.

[6] Nomination Committee was changed during 2019. From December 2019, the committee has the following 3 members – Lars Bakklund (Chairman), Lise Von Tangen-Jordan and Baldur Sveinbjørnsson.

No loans or guarantees have been given to any members of the management, the Board of Directors or other corporate bodies.

Besides the stock option programs, no additional remuneration has been given for services outside the normal functions as a manager or non-executive director besides what is stated above.

Benefits upon termination

All other contracts adhere to the Norwegian industry standard notice periods.

	2019	2018
Shares controlled by the management team and board members		
Management team:		
Øystein Rekdal, CEO	118,630	118,630
Board members (non-executive):		
Espen Johnsen, Chairman	1,211,592	1,211,592
Gert W. Munthe, Chairman (as of December 2019)	2,154,527	2,154,527
Bernt Endrerud	1,608,080	1.608,080
No. of shares controlled by the management team and board members	5,092,829	**5,092,829**

2019	Opening balance	Granted	Lapsed/ Forfeited	Ending balance
Options held by the management team				
Espen Johnsen, Chairman	600,000	300,000	(600,000)	300,000
Gert W. Munthe, Chairman (as of December 2019)	-	300,000	-	300,000
Edwin Klumper, CEO	188,135	-	(188,135)	-
Øystein Rekdal, CEO (as of September 2019)	228,715	-	-	228,715
Baldur Sveinbjørnsson	126 101	-	-	126, 101
Gjest Breistein, CFO	103,555	-	-	103,555
No. of options owned by the management team	**1,246,551**	**600,000**	**(788,135)**	**1,058,371**

2018	Opening balance	Granted	Lapsed/ Forfeited	Ending balance
Options held by the management team				
Espen Johnsen, Chairman	-	600,000	-	600,000
Edwin Klumper, CEO	100,000	88,135	-	188,135
Øystein Rekdal, CSO	95,830	168,135	(35,250)	228,715
Gjest Breistein, CFO	15,420	88,135	-	103,555
No. of options owned by the management team	**211,250**	**944,405**	**(35,250)**	**1,120,405**

The figures in the table above are different than those presented in Annual Report 2018. This is because the Annual Report 2018 included the stock options based on share issue which was not completed by end of 2019.

The Company operates three equity-settled share-based remuneration scheme for employees. See note 15.

NOTE 6 – FINANCE INCOME AND EXPENSES

(in NOK thousands)	2019	2018
Financial income		
Interest income	461	360
Foreign exchange gains	79	282
Other financial income	344	473
Fair value gain on warrants	-	248
Total financial income	**884**	**1,364**

(in NOK thousands)	2019	2018
Financial expenses		
Foreign exchange losses	338	474
Other financial expenses	-	37
Total financial expenses	**338**	**511**

NOTE 7 – TAX

(in NOK thousands)	2019	2018
Current tax		
Tax payable	-	-
Correction of previous years current income taxes	-	-
Deferred tax		
Changes in deferred tax	-	-
Changes in tax rate	-	-
Tax expense	**-**	**-**

(in NOK thousands)	2019	2018
Pre-tax profit	(32,415)	(61,515)
Income taxes at 22 % / 23 %	**(7,131)**	**(14,148)**
Changes in unrecognized deferred tax asset	6,669	9,090
Change in tax rate	-	6,059
Non-deductible expenses	463	(1,001)
Tax expense	**-**	**-**

From January 1, 2019 the tax rate in Norway was changed from 23% to 22 %, and from January 1, 2020 the tax rate in Norway remains the same i.e. 22 %. There is no effect in this year's tax expense because deferred tax from tax losses carried forward is not recognized. Deferred tax relates to the following:

(in NOK thousands)	Balance sheet		Change	
	2019	2018	2019	2018
Deferred tax assets				
Property, plant and equipment	36	261	-225	(249)
Net tax on losses carried forward	139,955	131,061	6,894	9,338
Deferred tax assets	**139,991**	**133,323**	**6,669**	**9,090**
Net deferred tax assets	139,991	133,323	6,669	9,090
Net deferred tax assets not recognized	(139,991)	(133,323)	(6,669)	(9,090)
Net recognized deferred tax assets	**-**	**-**	**-**	**-**

Deferred tax assets on losses carried forward, in total NOK 140 million as at December 31, 2019 (2018: NOK 133 million), have not been recognized because it is not probable that taxable profits will be available against which deductible temporary differences can be utilized.

The Company has a total tax loss carried forward of NOK 636 million as at December 31, 2019 (2018: NOK 605 million) which has no due date.

NOTE 8 – PROPERTY PLANT AND EQUIPMENT

(in NOK thousands)	Machinery and equipment	Total 2019	Machinery and equipment	Total 2018
Carrying amount January 1	-	-	6	6
Additions	-	-	-	-
Depreciation	-	-	(6)	(6)
Carrying value December 31	**-**	**-**	**-**	**-**
As at 1 January				
Acquisition cost	-	-	2,479	2,479
Accumulated depreciation and write-downs	-	-	(2,479)	(2,479)
Carrying amount January 1	**-**	**-**	**-**	**-**
As at December 31				
Acquisition cost	-	-	2,479	2,479
Accumulated depreciation and write-downs	-	-	(2,479)	(2,479)
Carrying amount December 31	**-**	**-**	**-**	**-**

NOTE 9 – INTANGIBLE ASSETS

The Company has no intangible assets as all ongoing projects have been classified as research.

NOTE 10 – TRADE AND OTHER RECEIVABLES

(in NOK thousands)	2019	2018
Trade receivables	48	229
Less: provisions for impairment of trade receivables	-	-
Trade receivables, net	**48**	**229**
Government grants	3,631	6,442
VAT	245	362
Prepayments	445	465
Other receivables	269	1,780
Total trade and other receivables	**4,638**	**9,278**

NOTE 11 – CASH AND CASH EQUIVALENTS

(in NOK thousands)	2019	2018
Cash and cash equivalents		
Employee withholding tax	750	750
Variable rate bank accounts	12,046	48,871
Total cash and cash equivalents	**12,796**	**49,621**

NOTE 12 – OTHER CURRENT LIABILITIES

(in NOK thousands)	2019	2018
Other current liabilities		
Accrual for annual leave	754	1,152
Other accruals	1,383	2,243
Tax and social security payments	873	1,165
Other payables	32	105
Total other current liabilities	**3,042**	**4,665**

NOTE 13 – EQUITY AND SHARE CAPITAL

(in NOK thousands)	Share capital	Share premium	Paid-in share capital – Unreg.	Total equity
Balance at January 1, 2019	**2,249**	**34,801**	**4,000**	**41,051**
Registration of share issue	40	3,960	(4,000)	-
Loss for the period	-	(32,415)	-	(32,415)
Share based payments	-	5,762	-	5,762
Administration charges from share issue	-	(5)	-	(5)
Balance at December 31, 2019	**2,289**	**12,103**	**-**	**14,393**

Share capital at December 31, 2019 is NOK 2,289,378 (December 31, 2018: NOK 2,249,378), being 22,893,784 ordinary shares at a nominal value of NOK 0.1. All shares carry equal voting rights.

	2019	2018
Change in the number of shares during the period was as follows		
Ordinary shares at January 1	22,893,784	12,335,388
Issue of ordinary shares by Share Issue I - Private Placement A[1)]	n/a	6,069,782
Issue of ordinary shares by Share Issue I - Private Placement B[2)]	n/a	843,750
Issue of ordinary shares by Share Issue II[3)]	n/a	3,244,864
Ordinary shares per 31.12.2018	**22,893,784**	**22,493,784**
Issue of ordinary shares by Share Issue III – Not registered per December 31, 2018[4)]	n/a	400,000
Sum	**22,893,784**	**22,893,784**

[1)] In April 2018, 6,069,782 shares were subscribed for in a private placement among existing shareholders at a share price of NOK 7,5 for total gross proceeds of NOK 45.5 million. The share issue was approved by the extraordinary General Meeting April 24, 2018. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises in May 8, 2018.

[2)] In addition to the new share issues in April 2018, there was a conversion of outstanding guarantee fees into shares capital by issuance of 843,750 shares at a share price of NOK 7,5 for the outstanding amount of NOK 6.3 million. The share issue was approved by the extraordinary General Meeting April 24, 2018. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises in May 19, 2018.

[3)] In June 2018, the share capital was further increased by issuance of 3,244,864 shares, which were subscribed for in a private placement among existing shareholders at a share price of NOK 10 for total gross proceeds of NOK 32.4 million. The share issue was approved by the Annual General Meeting held on June 26, 2018. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises in July 2018.

[4)] In December 2018, the Board indicated the needs of funds and discussed the possibility for a private placement towards an existing investor, who was interested to invest in the Company. The Board resolved the resolution regarding a private placement by subscription of new shares under the existing authorization from the general meeting dated June 26, 2018. The share capital was increased with 400,000 shares and subscribed at a share price of NOK 10. The share issue was approved by the Board of Directors in the meeting held on December 3, 2018. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on January 8, 2019.

Top 20 shareholders as of December 31, 2019:

No.	Shareholders	No. of shares	Percentage share of total no. of shares
1	Taj Holding AS	3,668,291	16 %
2	North Murray AS	2,154,527	9 %
3	3 T produkter AS	1,725,431	8 %
4	Care Holding AS	1,608,080	7 %
5	Picasso Kapital AS	1,122,860	5 %
6	Jakob Hatteland Holding AS	1,000,000	4 %
7	Brødrene Karlsen Holding AS	709,273	3 %
8	Dansk Bank International S.A.	685,184	3 %
9	Mikael Lönn	616,967	3 %
10	Lysnes Invest AS	615,654	3 %
11	Norinnova Invest AS	557,510	2 %
12	Per Strand Eiendom AS	496,350	2 %
13	Hopen Invest AS	481,117	2 %
14	LMK Forward AB	420,363	2 %
15	Kvasshøgdi AS	326 950	1 %
16	Jahatt AS	250,000	1 %
17	Kreftforeningen	218,000	1 %
18	Frewi AS	200,010	1 %
19	Harila Invest AS	192,680	1 %
20	4 LB Invest AS	160,040	1 %
	Total no. of shares for top 20 shareholders	**17,209,287**	**76 %**
	Total no. of shares for the other shareholders	5,684,497	24%
	Total no. of shares	**22,893,784**	**100 %**

NOTE 14 – LEASES

The Company has operating leases for offices and other facilities. Most of the leases contain an option for extension. The leases do not contain any restrictions on the Company's dividend policy or financing.

The lease costs were as follows:

(in NOK thousands)	2019	2018
Operating leases		
Ordinary lease payments	1,918	2,012
Total operating leases	**1,918**	**2,012**

(in NOK thousands)	2019	2018
Within 1 year	1,200	1,275
1 to 5 years	800	2,206
After 5 years	-	-
Sum	**2,000**	**3,480**

The Company moved in 2018 to Hoffsveien 4 in Oslo. The previous office rentals in Oslo and Tromsø have been terminated.

NOTE 15 – SHARE OPTION PROGRAMS

Since 2013 Lytix has established six share-based incentive programs (A, B, C, D, Chairman and Strategic advisors) for the Company's management, employees and consultants to the Company, under which the entity receives services from employees as consideration for equity instruments in Lytix Biopharma AS. The incentive programs consist of share options. A description of the incentive programs is given below.

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”). The expiry date for program A was December 31, 2018, thus there are no outstanding options as at December 31, 2019.

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 330,440 share options (”Incentive Program B”). As of December 31, 2019, a total of 255,340 share options were reserved for certain specific individuals. A total of 168,320 share options are forfeited because the individual is no longer employed by the Company. The expiry date for program B is December 31, 2021. A total of 25,000 options in program B vested during 2019. None of the outstanding options as at December 31, 2019 are subject to vesting.

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 300,000 share options (”Incentive Program C”). As of December 31, 2018, a total of 80,000 share options were reserved for certain specific individuals. All 80,000 share options are forfeited because the individual is no longer employed by the Company, thus there are no outstanding options as at December 31, 2019.

Incentive Program D 2018/2023

On September 11, 2018, the board of directors of the Company decided to implement a share option program with a maximum of 1,500,000 share options (”Incentive Program D”). As of December 31, 2019, a total of 1,011,857 share options were reserved for certain specific individuals, whereof 761,860 were allotted to these individuals through share option agreements. The remaining 249,997 options are subject to successful share issue. A total of 88,135 share options are forfeited because the individual is no longer employed by the Company. The expiry date for program D is May 1, 2023. For program D, a total of 432,200 of the options granted is subject to a vesting period. The options are subject to quarterly vesting up until the expiry date. A total of 93,720 options in program D vested during 2019.

Incentive Program Chairman 2018/2023 & 2019/2025

On April 24, 2018, the board of directors of the Company decided to allot 600,000 share options to the new chairman of the board, Espen Johnsen (”Incentive Program Chairman”). The expiry date for program Chairman was May 1, 2023. On December 2, 2019, Espen Johnsen resigned as chairman. At the same time, the number of options was reduced to 300,000 and the terms of the options were revised. The new expiry date for program Chairman is May 1, 2025. New Chairman Gert W. Munthe was granted 300,000 options on similar terms. None of the outstanding options as at December 31, 2019 are subject to vesting.

Incentive Program Strategic advisors 2019/2024

On June 12, 2019, the board of directors of the Company decided to implement a share option program of 467,220 share options (”Incentive Program Strategic advisors”) to certain strategic advisors. The expiry date for program Strategic advisors is June 12, 2024. The options are subject to quarterly vesting over two years. A total of 175,208 options in program Strategic advisors vested during 2019.

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

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

	Program D		Chairman		Strategic advisors	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at January 1, 2018	**-**	**-**	**-**	**-**	**-**	**-**
Granted during the period	20.0	761,860	25.0	600,000	-	-
Forfeited during the period	-	-	-	-	-	-
Exercised during the period	-	-	-	-	-	-
Lapsed during the period	-	-	-	-	-	-
Outstanding at December 31, 2018	**20.0**	**761,860**	**25.0**	**600,000**	**-**	**-**
Outstanding at January 1, 2019	**20.0**	**761,860**	**25.0**	**600,000**	**-**	**-**
Granted during the period	-	-	12.0	600,000	12.0	467,220
Forfeited during the period	20.0	(88,135)	25.0	(600,000)	-	-
Exercised during the period	-	-	-	-	-	-
Lapsed during the period	-	-	-	-	-	-
Outstanding at December 31, 2019	**20.0**	**673,725**	**12.0**	**600,000**	**12.0**	**467,220**

	Program A		Program B		Program C	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at January 1, 2018	**70.0**	**160,980**	**35.0**	**227,340**	**27.2**	**80,000**
Granted during the period	-	-	-	-	-	-
Forfeited during the period	-	-	35.0	(90,320)	27.2	(30,000)
Exercised during the period	-	-	-	-	-	-
Lapsed during the period	70.0	(160,980)	-	-	-	-
Outstanding at December 31, 2018	**-**	**-**	**35.0**	**137,020**	**27.2**	**50,000**
Outstanding at January 1, 2019	**-**	**-**	**35.0**	**137,020**	**27.2**	**50,000**
Granted during the period	-	-	-	-	-	-
Forfeited during the period	-	-	35.0	(50,000)	27.2	(50,000)
Exercised during the period	-	-	-	-	-	-
Lapsed during the period	-	-	-	-	-	-
Outstanding at December 31, 2019	**-**	**-**	**35.0**	**87,020**	**-**	**-**

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

Equity settled	Program D	Chairman	Strategic advisors
Option pricing model used		Black & Scholes	
Weighted average share price at grant date (NOK)	10.0	10.0/12.0	12.0
Exercise price (NOK)	20.0	25.0/12.0	12.0
Expected volatility	58.4 %	58.4 %	58.4 %
Expected dividend growth rate	0	0	0
Risk-free interest rate	1.5 %	1.5 %/1.3%	1.2 %

Equity settled	Program A	Program B	Program C
Option pricing model used		Black & Scholes	
Weighted average share price at grant date (NOK)	27.2	27.2	27.2
Exercise price (NOK)	70.0	35.0	27.2
Expected volatility	60.0 %	60.0 %	60.0 %
Expected dividend growth rate	0	0	0
Risk-free interest rate	0.4 %	0.8 %	1.1 %

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

The share-based remuneration expense comprise:

(in NOK thousands)	2019	2018
Equity settled schemes	5,762	3,495
Total remuneration expense	**5,762**	**3,495**

NOTE 16 – EVENTS AFTER THE REPORT DATE

Lytix has completed two share issues in 2020. In February 2020, Lytix raised NOK 35 million through a private placement. In March 2020 the Company raised NOK 5 million in a repair issue. No other material events occurred between the balance sheet date and the date when the accounts were presented providing new information about conditions prevailing on the balance sheet date.

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Lytix Biopharma AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Lytix Biopharma AS, which comprise the balance sheet as at 31 December 2019, statement of comprehensive income and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

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

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

Building a better working world

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Tromsø, 28 May 2020
ERNST & YOUNG AS

Kai Astor Frøseth

Kai Astor Frøseth
State Authorised Public Accountant (Norway)