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Interim report

Second quarter and first half 2021

Lytix Biopharma

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Letter from the CEO

Fuelled to target the US cancer market

Last year was transformational for Lytix Biopharma as we entered into an exclusive worldwide license agreement with Verrica Pharmaceuticals to develop and commercialize our lead candidate LTX-315 for skin cancer. The partnership with Verrica is a commercial validation of Lytix` technology platform. This year we move into a new phase for the company with the inception of clinical trials in the US. During the first half of 2021 we have continued to transform our business and strengthen the company in several ways.

January marked the first important milestone, as US Food and Drug Administration (FDA) approved our Investigational New Drug (IND) application to initiate Phase II clinical trials for LTX-315, a first-in-class oncolytic peptide, in combination with the checkpoint inhibitor pembrolizumab (Keytruda®). The multicenter study covers several solid tumor types including metastatic breast cancer and head and neck cancer. The IND clears a path for further clinical development towards market approval in the US, the world's biggest and most important market for cancer treatment. This summer we opened the first clinical site, MD Anderson Cancer Center, which is ranked as the top hospital in the US for cancer care.

In parallel, we are progressing with our second-generation drug-candidate, LTX-401, that is developed for treatment of deep-seated tumors, including liver cancer which more than 800 000 people are diagnosed with every year worldwide. LTX-401 is in a pre-clinical development and should be ready for a Phase I clinical trial next year.

To prepare Lytix Biopharma for the next phase, we have strengthened the organization with PhD Gry Stensrud as Chief Technology Officer and we have contracted PhD Graeme Currie to assist in the clinical development of our drug candidates. Mr. Currie provides extensive experience in clinical drug development within oncology. In addition, the board of directors has been strengthened with the Swedish citizens, PhD Marie-Louise Fjällskog and PhD Evelina Vågesjö, the Norwegian citizens PhD Kjetil Hestdal and Brynjar Forbergskog and the US citizen PhD Jayson Rieger. Several of these new members have extensive experiences within clinical and commercial cancer drug development. We feel confident that our strengthened team, who accompany our advisory board including Nobel Prize winner Jim Allison enables us to take our drug candidates one step closer to the market

In April, the board of directors decided to carry out a private placement to fund the Phase II study for LTX-315 and continue the development of LTX-401. Following a successful private placement of NOK 225m, the company was listed on Euronext Growth Oslo 14 June. Now, Lytix Biopharma is financially secured to proceed with planned activities.

During the last decade, immunotherapy has revolutionized the cancer treatment. Still the majority of cancer patients do not respond to these new immunotherapeutic drugs. One reason for not responding is due to lack of a sufficiently active immune system (lack of T cells). Our oncolytic molecules have demonstrated a unique and strong ability to evoke immune responses in cancer patients (generation of T cells). This makes our molecule ideal as combination partner with market approved immunotherapies.

We are now very much looking forward to document that our lead candidate LTX-315 in combination with the market approved immune-checkpoint inhibitor pembrolizumab enhance the number of cancer patients responding to immunotherapy.

Øystein Rekdal
CEO Lytix Biopharma

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Highlights and key figures

Highlights of the first half and second quarter of 2021

Resarch and development:

- Data from a Phase I clinical trial published in Clinical Cancer Research showing that Lytix' lead candidate LTX-315 has an acceptable safety profile, is clinically active and enhances the number of T cells in the majority of the treated cancer patients
- In mid-July, Lytix announced the opening of the first clinical US site, MD Anderson Cancer Center, in a Phase II clinical trial investigating the safety and efficacy of intratumoral injection of LTX-315 in a combination with pembrolizumab (Keytruda®) in patients with solid tumors
- Clinical Phase II study with LTX-315 and adoptive T cell therapy at Herlev hospital in Denmark fully recruited

Business and Partnership:

- Strategic partnership established with the US-based veterinary medicine company Aurelius Biotherapeutics for a new group of promising anti-cancer drug candidates
- Gry Stensrud (former VP at Photocure) joined Lytix as Chief Technical Officer (CTO) and Graeme Currie (former Dynavax, Regeneron, Sepracor, PDL Biopharma and BioClin) was hired as a consultant Chief Development Officer (CDO) to lead Lytix' clinical program
- Brynjar Forbergskog, Kjetil Hestdal, Jason Rieger, Marie-Louise Fjällskog and Evelina Vågesjö were appointed as new board members

Financial:

- Lytix successfully completed a private placement following a national offering, raising gross proceeds of approximately NOK 225 million, through the allocation of 12 511 893 new shares at a subscription price of NOK 18 per share
- Milestone payment of NOK 19.3 million (USD 2.25 million) from Verrica Pharmaceuticals related to FDA's approval of Lytix' Investigational New Drug (IND) application for LTX-315 in January

Key figures[1]

(in NOK thousands)	**Q2 2021**	Q2 2020	**1H 2021**	1H 2020	FY 2020
Total operating income	**1 640**	1 111	**23 201**	1 245	6 678
Total operating expense	**(14 041)**	(9 377)	**(36 054)**	(15 678)	(49 050)
Loss from operations	**(12 401)**	(8 266)	**(12 853)**	(14 433)	(42 372)
Loss for the period	**(12 392)**	(8 216)	**(12 748)**	(14 419)	(42 088)
Cash position at the end of the period	**-**	-	**70 950**	42 279	28 450
Trade and other receivables	**-**	-	**162 792**	5 459	4 168
Total assets	**-**	-	**233 742**	47 738	32 617
Total equity	**-**	-	**223 030**	39 863	19 889
Total liabilities	**-**	-	**10 712**	7 875	12 728
Total equity and liabilities	**-**	-	**233 742**	47 738	32 617

1) Interim figures are unaudited.

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Review of the second quarter and first half year 2021

Operational review

RESEARCH AND DEVELOPMENT

LTX-315

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

In July 2021, Lytix Biopharma opened a Phase II clinical trial in the US designed to assess the safety and efficacy of LTX-315 in several types of solid tumors, including metastatic breast cancer and head and neck cancer. The clinical trial is a multicenter study including M.D. Anderson Cancer Center in Texas, US which is one of the world leading cancer hospitals. In the clinical trial, LTX-315 will be evaluated in combination with the immune checkpoint inhibitor pembrolizumab. In the first cohort (12 patients), LTX-315 will be tested as a therapy for cancer patients that have not responded to an approved checkpoint inhibitor. In the second cohort (eight patients), LTX-315 will be tested in patients with cancer types that do not have any FDA-approved checkpoint inhibitor. The aim is to document the ability of LTX-315 to enhance the patient's responsiveness to checkpoint inhibitor.

ClinicalTrials.gov Identifier: NCT04796194

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

Lytix Biopharma is currently running a clinical trial together with Herlev Hospital, Denmark to assess the safety and efficacy of intratumoral administration of LTX-315 and adoptive cell therapy in patients with advanced soft tissue sarcoma. Six patients have received LTX-315 treatment. Enrollment has been completed and outcome assessments are ongoing.

ClinicalTrials.gov Identifier: NCT03725605

LTX-401

LTX-401 is currently going through a preclinical program for assessment of drug metabolism, safety pharmacology and other requirements needed for starting human clinical trials. The program is expected to finish in the first half of 2022.

LTX-DTT-122

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

BUSINESS

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

Marie-Louise Fjällskog, MD, PhD

Senior Life Science Executive with long track-record within Clinical Research and business within Immunology and Oncology. Chief Medical Officer, Sensei Biotherapeutics, Boston, USA board Member of Biovica International AB, Sweden. Dr. Associate professor (docent) in Oncology, affiliated to Uppsala University.

Evelina Vågesjö, PhD and MBA

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

Kjetil Hestdal, MD, PhD

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

Jayson Rieger, PhD and MBA

Jayson Rieger has about 15 years' experience in cross-functional scientific and business leadership roles spanning business, research operations, drug discovery and product development in the life science. He presently serves as Managing Partner in PBM Capital and supports new investment evaluation, deal sourcing and provides business and technical support for portfolio companies. 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.

Brynjar Forbergskog

Brynjar Forbergskog is the CEO of his privately owned investment company, in addition to being a board member of several companies. From 1989 to 2019 he was the CFO (1989–2005) and CEO (2005–2019) of Torghatten ASA. During Forbergskog' s tenure as CFO/CEO, Torghatten ASA grew from being a small locally

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based provider of transport services into being of the Nordics' largest providers of transport services, with more than 7 000 employees and an annual turnover of more than NOK 11 billion. Prior to joining Torghatten ASA, Brynjar Forbergskog was an external auditor.

The board of directors will continue to be led by Gert W. Munthe as chair. Per Erik Sørensen and Debashish Roychowdhury did not extend their board assignments. Lytix Biopharma would like to thank Per Erik and Debashish for their valuable contribution as board members.

Management and External Advisors

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

Graeme Currie has been hired as a consultant CDO to lead the clinical program.

Partnerships

Verrica Pharmaceuticals Inc

The Partnership with Verrica progressed according to plan in the first half of 2021 and resulted in a milestone payment of NOK 19.3m, further described under the financial review. Verrica plans to submit US IND to initiate a Phase II clinical trial in basal cell carcinoma during second half of 2021.

UiT The Arctic University of Norway

In March 2021, Lytix announced it had entered into an exclusive license agreement with UiT the Arctic University of Norway. The drug candidates licensed have been developed in a collaboration between UiT and Lytix Biopharma, with contribution from Norinnova, Oslo University Hospital and Institute Gustave Roussy in Paris. The agreement grants Lytix Biopharma all rights to further develop and commercialize this new class of compounds. In line with the company's existing portfolio, this new class activates the immune system to combat the cancer cells.

Aurelius Biotherapeutics LLC

In March 2021, Lytix announced it had entered into a strategic partnership with Aurelius Biotherapeutics whereas Aurelius will investigate and develop LTX-DDT-122 for the veterinary medicine market. The partnership is arranged with an option period where Aurelius has initiated further feasibility studies on LTX-DDT-122 together with their own technology, which is based on adoptive T cell transfer to treat dog lymphoma.

Financial review

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

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

PROFIT AND LOSS

Total operating income for the six months ended 30 June 2021 amounted to NOK 23.2 million (NOK 1.2 million for the six months ended 30 June 2020). Operating income in the period was mainly related to a milestone payment of NOK 19.3 million following the license agreement with Verrica Pharmaceuticals, entered in August 2020 for skin cancer diseases. As previously communicated, the license agreement includes potential development and sales milestone payments of up to USD 113 million as well as royalty payments once Verrica successfully commercialize LTX-315 in dermatologic oncology indications. The milestone payment in first half of 2021 was related to Lytix' approved IND application by US FDA. Other income for the first half of 2021 includes governmental grants of NOK 3.7 million (NOK 1 million).

Personnel expenses for the six months ended 30 June 2021 came in at NOK 17.3 million (NOK 6.7 million for the six months ended 30 June 2020). The increased personnel expenses were caused by an extraordinary and nonrepetitive bonus following the IND approval and increased number of employees. Other operating expenses increased to NOK 9.2 million (NOK 5.0 million) following the capital raise and listing process. Furthermore, direct R&D expenses amounted to NOK 9.6 million (NOK 4.0 million). Direct R&D expenses for the first half were related to increased activities in connection to the initiation of the phase II clinical trial in the US as well as the progression of the preclinical development of LTX-401.

Loss from operations for the first half of 2021 amounted to NOK 12.9 million (NOK 14.4 million).

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CASH FLOW

Cash flow from operating activities amounted to negative NOK 171.2 million for the six months ended 30 June 2021 compared to negative NOK 10.5 million for the six months ended 30 June 2020. The large increase is explained by the proceeds from the private placement in June not being settled by 30 June 2021. As the date of this report, Lytix has received the net proceeds from the private placement. Cash flows from financing activities amounted to NOK 213.7 million and is related to the capital raise in June 2021. Cash and cash equivalents at the end of the reporting period amounted to NOK 71.0 million compared to NOK 28.5 million at 31 December 2020 and NOK 42.3 million at 30 June 2020.

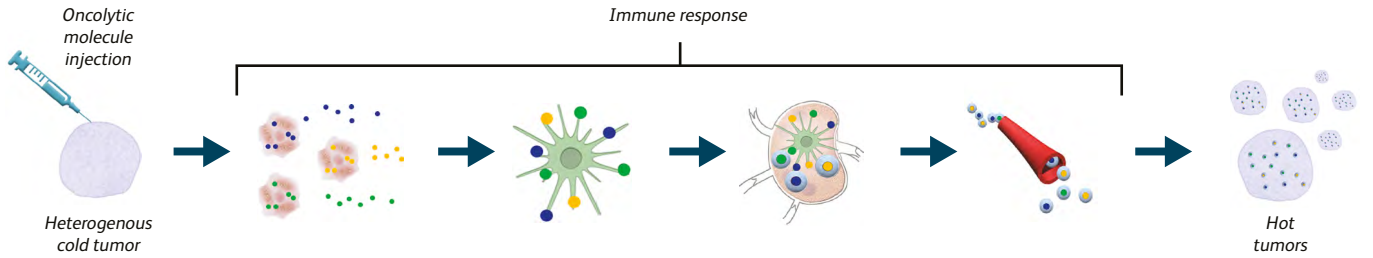
STATEMENT OF FINANCIAL POSITION / BALANCE SHEET

On 14 June 2021, the company listed its shares at Euronext Growth in Oslo. The listing followed the successful completion of a private placement and a national offering together raising NOK 225 million in new equity. Hence, total assets at 30 June 2021 were NOK 233.7 million compared to NOK 32.6 million at 31 December 2021 and NOK 47.7 million at 30 June 2020.

Technology

Lytix´ technology platform is based on more than 30 years of preclinical and clinical research and originates from UiT The Arctic University of Norway, Tromsø. The company has successfully generated highly active oncolytic molecules from naturally occurring host defense peptides that activate the patient`s own immune system to recognize and eliminate cancer cells. When injected into solid tumors, the oncolytic molecules kill the cancer cells, resulting in an efficient release of tumor antigens (mutated proteins). Hence, this unique way of killing the cancer cells results in the activation of the patient`s immune system, with a subsequent infiltration of T cells into the tumor and killing of cancer cells. As the oncolytic molecule`s unique mode of action results in significant increase of infiltration of immune cells into the tumor, making cold (no or few T cells) tumors hot (presence of T cells), they are therefore also ideal for combination with other types of immune therapies where the lack of immune cells in the patients tumors is one of the major hurdles for these therapies to be effective.

Illustration of Lytix' leading technology



Oncolytic molecules generate an immune response that should allow checkpoint inhibitors to work more effectively in a greater proportion of patients.

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Pipeline

Lytix Biopharma delivers a unique technology to improve the lives of patients across many cancer types where tumors are accessible for intratumoral injections. The ATLAS-IT-05 clinical trial initiated in US covers various cancers including melanoma, head and neck cancer, breast cancer, sarcoma, liver cancer and intestinal cancer, all with high unmet medical need.

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

Product candidate	Combination partner	Population	Preclinical	Phase I	Phase II	Phase III	Collaborators
LTX-315	**Atlas-IT-05** Pembrolizumab (Keytruda®)	Patient progressed on checkpoint inhibitors	→	→	→		THE UNIVERSITY OF TEXAS MD Anderson Cancer Center
	Atlas-IT-04 Adoptive T cell therapy	Advanced soft tissue sacroma	→	→	→		REGION H Herlev Hospital
LTX-401	N/A (monotherapy)	N/A	→				aptuit
LTX-DDT-122	Adoptive T cell therapy	N/A	→				Aurelius BIOTHERAPEUTICS
A unique technology platform	**Inspired by nature** Baed on the scientific concepts of naturally occuring host defense proteins and already successful oncolytic viruses.			**Improved by science** Designed to mimic natural defense mechanisms and prime the immune system. Simple to manufacture, handle and administer.			

Product candidates

LTX-315

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

LTX-315 has undergone a comprehensive Phase I clinical trial in heavily pre-treated patients. In this clinical trial, one of the key features of LTX-315 treatment, to promote T cell infiltration into tumors, was evident in the cancer patients, and LTX-315 was shown to be a potent drug with the ability to also create systemic effects based on local injection of tumors. In this trial, LTX-315 was either given as monotherapy or in combination with a checkpoint inhibitor to patients with transdermally accessible tumors. The trial has shown that LTX-315 has an acceptable safety profile (with no added safety concerns when given in combination with checkpoint inhibitor), is clinically active and contributes to immune-mediated anticancer activity (Spicer et al. 2018/Spicer et al. 2021). Based on the data from the Phase I clinical trial, the dosing regimen of LTX-315 has been assessed and optimized for the ATLAS-IT-05 study.

LTX-315´s ability to induce T cell infiltration into tumors can be further exploited in adoptive cell therapy which implies the isolation of T cells from the tumor, expansion in the laboratory and transfer back to the patient to improve the immune response against the tumor. The ATLAS-IT-04 study at Herlev Hospital Denmark (LTX-315 in combination with adoptive T cell therapy in advanced soft tissue sarcoma) will evaluate the potential of LTX-315 to enhance the number of T cells in sarcoma patients

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prior to isolation and expansion of the T cells to billions. The T cells are then given back to the patient. During the study an extensive immune profile is generated to characterize the immune status and nature of immune response together with monitoring clinical response.

LTX-401

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

LTX-DTT-122

LTX-DTT-122 is an oncolytic peptide that consists of 12 naturally occurring amino acids. In preclinical research the peptide proved to have high activity and selectivity against B-cell lymphoma. In a lymphoma mouse model intratumoral administration resulted in full regression and protective immunity. The peptide was developed in a collaboration between Lytix Biopharma and the University of Tromsø (UiT). Lytix has entered a license agreement with UiT that grants Lytix rights to further develop and commercialize LTX-DTT-122.

Partnerships

VERRICA PHARMACEUTICALS INC

In August 2020, Lytix announced that it entered into a license agreement providing Verrica Pharmaceuticals with a world-wide license to develop and commercialize LTX-315 for all malignant and pre-malignant dermatological indications (skin cancer), except for metastatic melanoma and metastatic Merkel cell carcinoma. Verrica will assume responsibility for manufacturing of the LTX-315 drug product, while Lytix retains responsibility for manufacturing of the active pharmaceutical ingredient (API). Under the license agreement, Lytix may receive aggregate payments of more than USD 113m as signing fee and upon achievements of certain clinical, regulatory and sales milestones as well as tiered royalty payments in the double-digit teens.

The type and location of the business

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

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.

GOING CONCERN

These interim 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.

REPORT ON THE INTERIM ACCOUNTS

The board is not aware of any matters that are important for an assessment of the company's position and result that are not set out in the interim accounts. Similarly, no matters have occurred after June 2021 that in the opinion of the board are material to an assessment of the accounts.

The board stated that the interim accounts represent a true and fair view of the company's financial position at 30 June 2021. 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.

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.

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NON-FINANCIAL RISKS

Technology risk

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

Competitive technology

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

Market risks

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

POST-BALANCE SHEET EVENTS

In fiscal year 2021, the company is dealing with the consequences of the COVID-19 virus. Government measures to curb the virus have affected economic activity. The company considers this to be an event after the balance sheet date that does not provide any further information about the actual situation on the balance sheet date. We have taken several measures to limit the effects of the COVID-19 virus, such as safety and health measures for our people (such as social distancing and working from home). We will continue to follow government policies and advice while doing our best to continue our operations in the best possible and safest way without compromising the health of our people. These measures 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.

WORKING ENVIRONMENT, EQUAL OPPORTUNITY, AND DISCRIMINATION

The board considers that the working environment in the company is good. No special measures have been implemented in this connection. The employees of the business have not suffered accidents or injury in connection with their work. Total sick leave over the accounting period has been of a modest number.

Lytix Biopharma AS has a goal to be a workplace where there is full equality of opportunity between men and women and has established a personnel policy that is considered to be gender neutral in all areas.

ENVIRONMENT REPORTING

The company does not carry on activity that pollutes the external environment.

RESEARCH AND DEVELOPMENT ACTIVITIES

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

Oslo 26 August 2021
The board of directors and the Chief Executive Officer of Lytix Biopharma AS

Gert W. Munthe
Chair of the board

Brynjar Forbergskog
Director

Evelina Vågesjö
Director

Jayson Rieger
Director

Kjetil Hestdal
Director

Marie-Louise Fjällskog
Director

Øystein Rekdal
Chief Executive Officer

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Financial statements

Interim statement of profit or loss[1]

Amounts in NOK thousands	*Note*	**Q2 2021**	Q2 2020	**1H 2021**	1H 2020	FY 2020
Revenue	*1*	**-**	-	**17**	3	3
Other operating income	*2*	**1 640**	1 111	**23 184**	1 242	6 675
Total operating income		**1 640**	1 111	**23 201**	1 245	6 678
Payroll and related expenses	*3*	**(3 462)**	(3 745)	**(17 296)**	(6 681)	(23 416)
Direct R&D expenses		**(4 692)**	(2 636)	**(9 569)**	(3 959)	(16 008)
Other expenses		**(5 887)**	(2 996)	**(9 188)**	(5 037)	(9 626)
Total operating expense		**(14 041)**	(9 377)	**(36 054)**	(15 678)	(49 050)
Loss from operations		**(12 401)**	(8 266)	**(12 853)**	(14 433)	(42 372)
Net financial items		**9**	50	**105**	13	284
Loss before tax		**(12 392)**	(8 216)	**(12 748)**	(14 419)	(42 088)
Tax expense		**-**	-	**-**	-	-
Loss for the period		**(12 392)**	(8 216)	**(12 748)**	(14 419)	(42 088)

1) Interim figures are unaudited.

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Interim statement of financial position[1]

Amounts in NOK thousands	*Note*	**30.06.2021**	30.06.2020	31.12.2020
ASSETS				
Current assets				
Trade and other receivables	*6*	**162 792**	5 459	4 168
Cash and cash equivalents	*5*	**70 950**	42 279	28 450
Total current assets		**233 742**	47 738	32 617
Total assets		**233 742**	47 738	32 617
Shareholders equity and liabilities				
Issued capital and reserves				
Share capital	*6, 7*	**3 874**	2 623	2 623
Share premium reserve	*6, 7*	**219 156**	37 241	17 266
Total equity		**223 030**	39 863	19 889
Liabilities				
Current liabilities				
Trade payables		**2 775**	2 758	3 284
Other current liabilities		**7 937**	5 117	9 444
Total current liabilities		**10 712**	7 875	12 728
Total liabilities		**10 712**	7 875	12 728
Total equity and liabilities		**233 742**	47 738	32 617

1) Interim figures are unaudited.

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Interim statement of cash flows[1]

Amounts in NOK thousands	*Note*	**Q2 2021**	Q2 2020	FY 2020
Cash flows from operating activities				
Loss for the period		**(12 748)**	(14 419)	(42 088)
Adjustments for:				
Share-based payment expense	*3*	**2 161**	702	8 397
Increase/decrease in trade and other receivables	*6*	**(158 624)**	(821)	471
Increase/decrease in trade and other payables		**(2 016)**	4 021	8 874
Cash generated from operations		**(171 228)**	(10 517)	(24 347)
Income tax paid		**-**	-	-
Net cash flows from operations		**(171 228)**	(10 517)	(23 347)
Financing activities				
Proceeds from share issue	*6, 7*	**213 728**	40 000	40 000
Net cash from/(used in) financing activities		**213 728**	40 000	40 000
Net increase in cash and cash equivalents		**42 500**	29 483	15 653
Cash and cash equivalents at the beginning of the period	*5*	**28 450**	12 796	12 796
Cash and cash equivalents at the end of the period	*5*	**70 950**	42 279	28 450

1) Interim figures are unaudited.

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Notes to the financial statements[1]

Accounting principles
The interim financial statements have been prepared in accordance with the recognition and measurement criteria in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway. The interim financial statements should be read in conjunction with the company's annual financial statements for 2020 as they do not include all the information required for a complete set of financial statements in accordance with the Norwegian accounting act. The interim financial statements are presented in NOK, which is also the company's functional currency. Amounts are rounded to the nearest thousand unless otherwise stated. The interim financial statements are unaudited.

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

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

Revenues for services are recognized when the services are performed, and the company has a right to payment.
The company's revenue is not significantly affected by seasonality or other variations throughout the reporting period.

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

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

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

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

Tax
The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 22 per cent on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted.

The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and tax losses varied forward losses, is based on estimated future earnings. Deferred tax benefits are not shown in the balance sheet.

Forward contracts
Assets/liabilities secured through forward contracts are reflected in the balance sheet at forward exchange rate, except for the interest rate element which is accrued and classified as interest income / expense.

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

1) Interim figures are unaudited.

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NOTE 1 REVENUE

Amounts in NOK thousands	**Q2 2021**	Q2 2020	**1H 2021**	1H 2020	FY 2020
Revenue					
Provision of services	**-**	-	**-**	-	-
Other income	**-**	-	**17**	3	3
Total Revenue	**-**	-	**17**	3	3

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

NOTE 2 OTHER OPERATING INCOME

Amounts in NOK thousands	**Q2 2021**	Q2 2020	**1H 2021**	1H 2020	FY 2020
Other operating income					
Government grants recognized in profit and loss	**1 546**	1 019	**3 706**	1 059	4 071
Other	**94**	91	**19 478**	183	2 604
Other operating income	**1 640**	1 111	**23 184**	1 242	6 675

NOTE 3 PAYROLL AND RELATED EXPENSES

Amounts in NOK thousands	**Q2 2021**	Q2 2020	**1H 2021**	1H 2020	FY 2020
Payroll and related expenses, including directors, comprise:					
Wages and salaries	**2 872**	2 898	**13 790**	4 963	10 952
Defined contribution pension cost	**192**	106	**859**	204	463
Share-based payment expense	**993**	332	**2 161**	702	8 397
Social security contributions and similar taxes	**(707)**	391	**859**	697	2 874
Other personnel costs	**112**	18	**122**	115	730
Total payroll and related expenses	**3 462**	3 745	**17 296**	6 681	23 416

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

NOTE 4 INTANGIBLE ASSETS

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

NOTE 5 CASH AND CASH EQUIVALENTS

Amounts in NOK thousands	**30.06.2021**	30.06.2020	31.12.2020
Cash and cash equivalents			
Employee withholding tax	**1 304**	1 577	1 299
Variable rate bank accounts	**69 646**	40 703	27 150
Total cash and cash equivalents	**70 950**	42 279	28 450

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NOTE 6 TRADE AND OTHER RECEIVABLES

Amounts in NOK thousands	**30.06.2021**	30.06.2020	31.12.2020
Trade and other receivables			
Trade receivables	**-**	-	-
Governmental grants	**6 120**	4 609	3 168
VAT	**519**	175	463
Prepayments	**639**	675	536
Other receivables	**155 514**	-	-
Total trade and other receivables	**162 792**	5 459	4 168

Other receivables consist of proceeds from the private placement net of transaction cost. The net proceeds has as of this report been paid in full by the managers in the private placement, Arctic Securities AS and SpareBank 1 Markets AS.

NOTE 7 EQUITY AND SHARE CAPITAL

Amounts in NOK thousands	Share capital	Share premium reserve	**Total equity**
Balance at 1 January 2021	2 623	17 266	**19 889**
Income for the period			
Loss for the period	-	(12 748)	**(12 748)**
Total income for the period	-	(12 748)	**(12 748)**
Registration of share issue 10 June 2021	323	57 891	**58 214**
Registration of share issue 11 June 2021	928	166 072	**167 000**
Transaction cost	-	(11 486)	**(11 486)**
Share based payment	-	2 161	**2 161**
Total contributions by and distributions to owners	1 251	214 638	**215 889**
Balance at 30 June 2021	3 874	219 156	**223 030**

Amounts in NOK thousands	Share capital	Share premium reserve	**Total equity**
Balance at 1 January 2020	2 289	11 291	**13 580**
Income for the period			
Loss for the period from continuing operations	-	(14 419)	**(14 419)**
Total income for the period	-	(14 419)	**(14 419)**
Registration of share issue 16 March 2020	292	34 708	**35 000**
Registration of share issue 16 April 2020	42	4 958	**5 000**
Share based payment	-	702	**702**
Total contributions by and distributions to owners	333	40 369	**40 702**
Balance at 30 June 2020	2 623	37 241	**39 863**

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Amounts in NOK thousands	Share capital	Share premium reserve	**Total equity**
Balance at 1 January 2020	2 289	11 291	**13 580**
Income for the period			
Loss for the period from continuing operations	-	(42 088)	**(42 088)**
Total income for the period		(42 088)	**(42 088)**
Registration of share issue 16 March 2020	292	34 708	**35 000**
Registration of share issue 16 April 2020	42	4 958	**5 000**
Share based payment	-	8 397	**8 397**
Total contributions by and distributions to owners	333	48 064	**48 397**
Balance at 31 December 2020	2 623	17 266	**19 889**

Share capital at 30 June 2021 is NOK 3 873 901 (31 December 2020: NOK 2 622 712), being 38 739 013 ordinary shares at a nominal value of NOK 0.1. All shares carry equal voting rights.

Change in the number of shares during the period was as follows:

	30.06.2021	31.12.2020
Ordinary shares at 1 January	**26 227 120**	22 893 784
Capital increase 16 March 2020 [1)]	**-**	2 916 667
Capital increase 16 April 2020 [2)]	**-**	416 669
Capital increase 10 June 2021 [3)]	**3 234 116**	-
Capital increase 11 June 2021 [4)]	**9 277 777**	-
Ordinary shares per 30 June 2020 / 31 December 2020	**38 739 013**	26 227 120

1) In February 2020, 2 916 667 shares were subscribed for in a private placement among existing shareholders at a share price of NOK 12 for total gross proceeds of NOK 35 million. The share issue was approved by the board of directors in the meeting held on 18 February 2020 under the existing authorization from the General Meeting dated 12 June 2019. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on 16 March 2020.

2) In March 2020, 416 669 shares were subscribed for in a private placement among existing shareholders at a share price of NOK 12 for total gross proceeds of NOK 5m. The share issue was approved by the board of directors in the meeting held on 17 March 2020 under the existing authorization from the General Meeting dated 12 June 2019. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on 16 April 2020.

3) In May 2021, 3 234 116 shares were subscribed for in a national placement among existing shareholders and selected potential investors at a share price of NOK 18 for total gross proceeds of NOK 58m. The share issue was approved by the Annual General Meeting held on 7 June 2021. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on 10 June 2021.

4) In June 2021, 9 277 777 shares were subscribed for in a private placement among existing shareholders and selected potential investors at a share price of NOK 18 for total gross proceeds of NOK 167m. The issuance of 9 277 777 new shares in the private placement was completed by the General Meeting issuing 9 000 000 new shares at the Annual General Meeting held 7 June 2021, and by the board of directors issuing 277 777 new shares at the meeting held on 8 June 2021 under the authorization from the General Meeting dated 7 June 2021. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on 11 June 2021.

PBM LYT Holdings, LLC ("PBM LYT"), an affiliate of PBM Capital Group, LLC ("PBM"), pre-committed for NOK 42.5m in the private placement conditional upon the company issuing to PBM LYT a number of warrants equal to 56.3 per cent of the number of shares subscribed for by PBM LYT in the private placement. Each warrant has a duration of 12 months and shall give the right upon exercise to subscribe for one share in the company at a subscription price of NOK 0.10 any time after the date falling 90 days after the company's first trading day on Euronext Growth. The decision to offer PBM LYT to subscribe for warrants was based on the belief that the precommitment by PBM LYT in the private placement, was of crucial importance for the successful completion of the private placement, and thus the financing of the Companies activities. Further, the company held the opinion that PBM LYT, as a shareholder in the company, could supply the company with a broad contact network in the United States.

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Top 20 shareholders as of 30 June 2021:

No.	Shareholder	No. of shares	Percentage share of total no. of shares
1	TAJ Holding AS	5 440 850	14.0%
2	Jakob Hatteland Holding AS	3 000 000	7.7%
3	North Murray AS	2 532 582	6.5%
4	Citibank, N.A. (nom.)	2 361 111	6.1%
5	3T Produkter Holding AS	1 808 764	4.7%
6	Brødrene Karlsen Holding AS	1 709 274	4.4%
7	Care Holding AS	1 608 080	4.2%
8	Picasso Kapital AS	1 122 860	2.9%
9	Skandinaviska Enskilda Banken AB (nom.)	869 372	2.2%
10	Danske Bank A/S (nom.)	685 184	1.8%
11	Lysnes Invest AS	615 654	1.6%
12	Kvasshøgdi AS	604 727	1.6%
13	Per Strand Eiendom AS	579 683	1.5%
14	Norrinova Invest AS	557 510	1.4%
15	Hifo Invest AS	555 555	1.4%
16	Saturn Invest AS	555 555	1.4%
17	Jahatt AS	500 000	1.3%
18	Arctic Securities AS	499 445	1.3%
19	Hopen Invest AS	481 117	1.2%
20	The Bank of New York Mellon SA/NV (nom.)	423 939	1.1%
	Total number of shares for top 20 shareholders	26 511 262	68.4%
	Total number of shares for the other shareholders	12 227 751	31.6%
	Totalnumber of shares	38 739 013	100.0%

NOTE 8 EVENTS AFTER THE REPORT DATE

In fiscal year 2021, the company is dealing with the consequences of the COVID-19 virus. Government measures to curb the virus have affected economic activity. The company considers this to be an event after the balance sheet date that does not provide any further information about the actual situation on the balance sheet date. We have taken several measures to limit the effects of the COVID-19 virus, such as safety and health measures for our people (such as social distancing and working from home). We will continue to follow government policies and advice while doing our best to continue our operations in the best possible and safest way without compromising the health of our people. These measures, with the continued financial support of the company, are reason for the board of directors to rely on the sustainable continuation of the business activities so that the financial statements are prepared on a going concern basis.

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