Lytix Biopharma

Interim Report

Second quarter and first half-year 2024

Letter from the CEO

Advancing Cancer Treatment and Celebrating Breakthroughs at Lytix Biopharma

Dear Shareholders,

We are now in the middle of a pivotal shift for Lytix Biopharma. The results from the phase II study in patients with the skin cancer disease basal cell carcinoma (BCC), published this month, prove that our unique lead drug candidate has a place in the cancer treatment of tomorrow.

Together with our licensing partner Verrica Pharmaceuticals, we have now a strong validation of our technology, significantly increasing the likelihood that our first drug candidate, LTX-315, will be commercialized as a cancer drug.

This large phase II BCC study (93 patients) showed an average of 86 percent reduction in tumor size and complete elimination of tumors in more than half of the patients. These promising results suggest that LTX-315 has the potential to become a first-line treatment for this type of cancer, which are great news for cancer patients with BCC.

In addition to our collaboration with Verrica, I am proud of the progress we are making with our own clinical programs at Lytix Biopharma.

New interim analysis of our ongoing ATLAS-IT-05 study with LTX-315 in combination with pembrolizumab in very late-stage melanoma patients, who have failed various treatments including immune checkpoint inhibitors, continues to show encouraging and durable results with two partial responses (more than 30 % reduction of non-treated target lesions) and 40% disease control (partial response and stabilization of the disease) of the treated patients. Many of these heavily pretreated patients with a disease that tends to progress quickly have so far experienced long-term stabilization of disease for up to 17 months.

Adding to our robust portfolio of clinical studies, we are initiating a third study with LTX-315 in early-stage melanoma patients that will open for enrolment this quarter at Oslo University Hospital, Radiumhospitalet, and will be led by Dr. Henrik Jespersen. In this study, LTX-315 will be administered prior to surgery, in combination with the current standard of care (pembrolizumab). Given the positive outcomes observed in the Verrica study (LTX-315 given prior to surgery) and the tumor-specific immune responses that were observed in later-stage cancer patients, we believe that LTX-315 has a large potential in patients with early-stage cancer and a more robust immune system.

Together with the University of Tromsø, we have developed a new drug candidate, LTX-401, which has shown very promising preclinical results in several cancer types, including liver cancer. We are particularly pleased with the new formulation for improved delivery of LTX-401 that has demonstrated a significantly stronger anti-cancer activity in preclinical models compared to LTX-401 without the new formulation. This new formulation could potentially

also extend the patent life of LTX-401 significantly. Until now, Lytix has primarily focused on skin cancer, but with LTX-401 we are expanding our focus to also include treatment of more deep-seated cancer types, representing a significant commercial potential for this drug candidate.

The results lately support our strategic foundation. We have shown significant clinical progress in the existing clinical trials, whilst expanding both to other major cancer indications and including patients with earlier stage cancer and a more responsive immune system. The development strategy is also proving to be effective, aiming for late-stage development and commercialization through partnerships. We will continue to follow this path going forward.

Sincerely,

Øystein Rekdal, CEO and co-founder
Lytix Biopharma

Today, we are very excited and proud of the highly positive results LTX-315 has shown in basal cell carcinoma, with the potential to become a first-line treatment for BCC. This achievement is not just a reflection of our partnership with Verrica, but also a celebration of the relentless efforts and the unwavering commitment of our incredible team. I am deeply grateful for their hard work and perseverance.

We also look forward to announcing important progress shortly, both from Verrica and from our own promising development programs and I am confident that we will continue to achieve even greater milestones in the future.

Highlights and key figures

HIGHLIGHTS FOR THE FIRST HALF OF 2024

Partnership:

- **Verrica Pharmaceuticals' Phase II study in basal cell carcinoma (BCC) – positive early results**
  - In January 2024, Verrica Pharmaceuticals reported that all patients had been dosed in the Phase II study in BCC.
  - Recently, Verrica reported positive top-line Phase II results from its study in patients with BCC - the largest skin cancer disease globally.
  - The Phase II top-line results from the BCC clinical trial show an 86 percent overall reduction of tumor size and complete clearance in 51 percent of the patients. These results show the potential of LTX-315 to be utilized as a first-line therapy in BCC.

R&D:

- **A new developed LTX-401 formulation provides an opportunity for improved efficacy in addition to prolonged IP protection.**
  - Superior efficacy of LTX-401 in a new developed formulation demonstrated in two "hard to treat" preclinical cancer models.
  - A PCT patent application aiming to protect the new formulation of LTX-401 was published in June 2024.
- **ATLAS-IT-05 study still ongoing – encouraging new interim data from 20 late stage melanoma patients**
  - Disease control in 40% of patients and with stabilization of the disease of up to 17 months
  - Two patients achieving a durable partial response
- **NeoLIPA- expanding to earlier stage melanoma patients with a stronger immune system**
  - An investigator led Phase II study at Oslo University Hospital, Radiumhospitalet will be open for enrolment shortly
  - The clinical trial application for the NeoLIPA trial was approved by the regulatory authorities in April 2024.
- **Key mentions and publications over the year**
  - In March 2024, Lytix published a paper describing how LTX-315 mediates anti-tumor activity through multiple pathways involving activation of Dendritic cells (critical for T cell activation). The paper was published in the high-profile journal *Frontiers in Immunology*.
  - Øystein Rekdal, CEO, contributed to an article published in *MedNous* (independent European journal for commercialization of medicines) called: The Inventive Step - "A strategy for raising response rates to immunotherapy". In the article, Rekdal describes how LTX-315 may solve some of the major challenges of cancer therapy.
  - In May, Øystein Rekdal, gave a presentation with the title "Oncolytic Molecules Adress the Major Challenge in Current Cancer Therapy" at the Immuno UK 2024 conference.

Business and Financial:

- During the first half of 2024, Lytix generated a revenue of NOK 10.5 million for sale of LTX-315 to Verrica for use in their clinical trial.
- In April 2024, Lytix successfully raised NOK 50 million in gross proceeds in a share offering primarily directed towards existing shareholders, extending the cash runway into 2025.

KEY FIGURES:

Amounts in NOK thousands	**Q2 2024**	Q2 2023	**H1 2024**	H1 2023	FY 2023
Total operating income	-	74	10,526	74	3,991
Total operating expenses	(21,540)	(34,209)	(50,751)	(58,657)	(100,776)
Loss from operations	(21,540)	(34,135)	(40,225)	(58,584)	(96,785)
Loss for the period	**(21,435)**	**(31,427)**	**(39,617)**	**(51,095)**	**(87,897)**
Total comprehensive income (loss) for the period	**(21,435)**	**(31,427)**	**(39,617)**	**(51,095)**	**(87,897)**
Earnings (loss) per share					
Basic and diluted earnings (loss) per share	(0.48)	(0.78)	(0.88)	(1.28)	(2.19)

Amounts in NOK thousands	**30.06.2024**	30.06.2023	31.12.2023
Assets			
Property, plant and equipment	76	144	110
Right-of-use assets	2,998	888	438
Other receivables	14,410	5,959	12,777
Short-term financial investments	-	41,961	23,183
Cash and cash equivalents	60,181	58,257	27,365
Total assets	**77,665**	**107,209**	**63,874**
Total equity	**59,221**	**86,043**	**51,319**
Liabilities			
Lease liabilities, non-current	2,266	41	41
Trade payables	4,196	5,889	3,572
Other current liabilities	11,251	14,310	8,492
Lease liabilities, current	731	926	451
Total liabilities	**18,444**	**21,166**	**12,555**
Total equity and liabilities	**77,665**	**107,209**	**63,874**

Review of the first half-year 2024

Operational Review

Partnerships

LTX-315 development in partnership with Verrica

LTX-315 Development in Partnership with Verrica Pharmaceuticals

During the reporting period, Lytix achieved significant milestones in the development of LTX-315, in collaboration with Verrica Pharmaceuticals Inc. ("Verrica"). A key highlight was the completion of patient enrollment for the Phase II clinical trial in January 2024, marking an important step forward in the study's progress.

Verrica recently announced positive top-line results from this ongoing Phase II trial, demonstrating the promising efficacy of LTX-315. The results showed:

- 86% overall reduction in tumor size
- 51% complete clearance rate of basal cell carcinomas (BCCs)
- 71% average reduction in tumor size for patients with residual carcinomas

These preliminary efficacy findings, based on data from 93 patients, also highlighted a highly favorable safety profile with no severe adverse events reported. Encouraged by these results and supportive market research, Verrica is optimistic about the potential of LTX-315 to become a first-line therapy for BCC.

Verrica expect to have an End-of-Phase 2 meeting with the U.S. Food and Drug Administration (FDA) to discuss the next steps in the development of LTX-315 as a treatment for BCC in H1 2025.

The positive Phase II data underscores Lytix commitment to advancing innovative immunotherapies for cancer patients. Lytix remain enthusiastic about the prospects of LTX-315 and are closely following Verrica's progress toward its commercialization. These developments reaffirm Lytix's pivotal role in the global cancer therapy landscape.

ClinicalTrials.gov Identifier: NCT05188729

Research and development

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

The ongoing ATLAS-IT-05 trial is assessing the effect of LTX-315 in combination with pembrolizumab (Keytruda®) in patients with metastatic melanoma, who have previously failed treatment with anti-PD-1/PD-L1 immune checkpoint inhibitors. The patients enrolled in the trial are all late-stage patients that have previously been treated with several lines of treatments. Generally, these patients have a very poor prognosis with rapid disease progression and few available treatment options left.

In August 2023, Lytix announced the completion of patient recruitment in the ATLAS-IT-05 study. Enrolled patients received treatment with LTX-315 for up to five weeks, whereas pembrolizumab therapy can continue until disease progression or up to 24 months.

Dr. Stephane Dalle, the top recruiting investigator for ATLAS-IT-05, presented a poster at the ESMO conference in October 2023, where 14 melanoma patients were assessed for systemic anti-tumor activity of LTX-315 in combination with pembrolizumab in non-injected lesions based on at least one available post-baseline scan. These early interim data showed encouraging results with a disease control rate of 43% and one patient with confirmed

and durable partial response with 89% tumor shrinkage. Further, substantial tumor shrinkage in non-injected lesions and complete regression in injected lesions were observed in several of these patients.

A new interim analysis performed in August 2024 on all 20 evaluable melanoma patients showed a disease control rate of 40%. Stabilization of the disease in patients was obtained for up to 17 months. Five patients are still receiving study treatment. One more patient had reached a confirmed partial response (PR) and the two patients with PR experienced tumor shrinkage of 96% and 43% in non-injected lesions, respectively. Both responding patients are still receiving study treatment. Shrinkage of both injected and non-injected lesions was confirmed in a substantial number of the treated patients.

Most of the reported adverse events associated with LTX-315 were local (injection site pain, redness and/or swelling) and generally of mild to moderate intensity. No increase in immune-related adverse events was observed, when LTX-315 was administered together with pembrolizumab.

These new interim results are considered encouraging, given that patients enrolled in the ATLAS-IT-05 trial are hard to treat with very advanced disease, compromised immune systems and a high tumor burden at baseline. Further, all enrolled patients were heavily pre-treated and tend to have rapidly progressive disease. Data also suggest that LTX-315 in combination with pembrolizumab can have both local and systemic anti-tumor activity.

ClinicalTrials.gov Identifier: NCT04796194

NeoLIPA study (ATLAS-IT-06)

Neoadjuvant immunotherapy is expected to play an increasingly significant role in future cancer treatment strategies and Lytix has in collaboration with Dr. Henrik Jespersen, Head of the Melanoma Oncology Unit at Oslo University Hospital, Radiumhospitalet, decided to initiate a neoadjuvant study (NeoLIPA) in patients with early-stage melanoma. Use of LTX-315 in a neoadjuvant setting refers to the administration of LTX-315 before surgery and therefore the study has certain similarities to the Verrica study (LTX-315 given before surgery).

Compared with melanoma patients enrolled in the ATLAS-IT-05 trial, these patients have a better functioning immune system and lower tumor burden. The commercial potential in early-stage melanoma is much larger due to a larger patient population compared with later-stage and PD-1 therapy refractory patients.

NeoLIPA is an investigator-led study where the efficacy of neoadjuvant LTX-315 given prior to curative surgery in combination with neoadjuvant/adjuvant therapy with pembrolizumab will be assessed. NeoLIPA is a phase II, open-label study that will enroll approximately 27 patients with clinically detectable and fully resectable stage III-IV melanoma.

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

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

The NeoLIPA study was approved by the regulatory authority in Norway in April 2024 and is planned to start in Q3 2024.

In addition to the excellent opportunity to expand into a neoadjuvant treatment setting, Lytix's financial responsibility for this trial is mainly limited to drug supply and a small research grant to Radiumhospitalet.

EU-CT No: 2023-508649-42-00

LTX-401

A PCT application for a new and improved formulation of LTX-401 was filed on December 20th, 2023, and were published June 27th, 2024 (WO 2024/133588A1).

The new LTX-401 formulation not only offers potentially strong intellectual property protection but also holds promise for improved therapeutic efficacy. Data from two hard-to-treat in vivo cancer mice models (K7 osteosarcoma and B16F1 melanoma) showed superior anti-cancer efficacy of the new LTX-401 formulation compared to LTX-401 without new formulation.

Preparations are underway for seeking scientific advice from regulatory authorities in Europe for moving this new formulation into clinic.

Publications

In March 2024 Lytix announced a publication of paper that describes how LTX-315 treatment activates specific types of immune cells that are critical for a proper priming of tumor-specific T cells. The paper entitled "LTX-315 triggers anticancer immunity by inducing MyD88-dependent maturation of Dendritic cells" was published as an open access article in *Frontiers in Immunology*, a high-profile journal covering research across basic, translational and clinical immunology. The study was a collaborative research effort between Lytix and the highly reputed research groups of Dr Joost Oppenheim/Dr De Yang at the National Cancer Institute, Frederick, and Dr Lorenzo Galluzzi at Weill Cornell Medicine, New York, both in the U.S.A. The paper describes how LTX-315 has multiple ways to activate specific immune cells called tumor antigen presenting cells (APC)/Dendritic cells and the data document that LTX-315 has an additional anticancer effect by activating Dendritic cells that are specialized to pick up tumor antigens and present for T cells. Through this dual mode of action, LTX-315 possess two mechanisms that both are critical for boosting strong T cell responses.

Lytix`s approach to raise response rates to immunotherapy was highlighted in MedNous, an independent European journal and website for commercialization of medicine. The article written by Øystein Rekdal describes Lytix`s strategy to raise response rates to immunotherapy and how its drug candidates are mobilizing the body`s immune system towards cancer in a unique way. The article also explains how the technology was discovered, leading to construction of molecules with unique anticancer effects that address some major challenges in current cancer therapy.

At the Immuno UK 2024 conference, Øystein Rekdal gave a presentation with the title "Oncolytic Molecules Adress the Major Challenge in Current Cancer Therapy". Solid tumors consist of a number of different cancer cells with different unique mutations, making it very difficult to cure cancer. Lytix's oncolytic molecules have the potential to overcomes this major challenge by generating broad tumor-specific immune responses via their unique dual mode of action.

Business

In April 2024, Lytix successfully completed a share offering, raising NOK 50 million in gross proceeds, primarily from existing shareholders. This capital injection extends the company's cash runway into 2025. The offering garnered strong interest from both existing and new high-quality investors, leading to total subscriptions amounting to NOK 50 million.

Lytix is very pleased with the robust support from its existing shareholders, as well as the interest from new investors. This successful offering serves as yet another validation of the company's innovative technology and underscores the significant business potential of Lytix.

Financial review

Accounting policies

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting” as adopted by the European Union (the "EU") and additional requirements in the Norwegian Securities Trading Act. This interim financial report does not include all information and disclosures required by other standards within the International Financial Accounting Standards ("IFRS") for a complete set of annual financial statements. Hence, this report should be read in conjunction with the annual report prepared in accordance with IFRS for the year ended 31 December 2023.

Profit and loss

Revenue for the six months ended 30 Jun 2024 amounted to NOK 10.5 million (NOK 74 thousand for the first half of 2023) and is related to the supply of LTX-315 to Verrica Pharmaceuticals.

Personnel expenses for the first half of 2024 came in at NOK 10.4 million (NOK 12.6 million for the first half of 2023). The decreased personnel expenses are mainly explained by a lower headcount and lower share-based payment expenses in 2024.

Depreciation and amortization expenses was stable at NOK 0.5 million for the first half of 2024 compared to NOK 0.5 for the same period 2023. The majority is depreciation of leased assets.

Direct R&D expenses amounted to NOK 33.4 million for the first half (NOK 39.6 million for the same period in 2023). The decreased direct R&D expenses for the first half is a result of ATLAS-IT-05 being fully recruited and patients continuing in the study. In Q1 2024 Lytix produced and sold LTX-315 to Verrica for use in Verrica’s clinical trial which increased the operating expenses by NOK 9.2 million.

Other operating expenses was NOK 6.5 million for the first half of 2024 compared to NOK 6.0 million for the same period last year. The operating expenses for first half of 2024 includes cost associated with the capital increase which took place in Q2 2024.

Loss from operations for the first six months of 2024 amounted to NOK 40.2 million compared to NOK 58.6 million for the same period in 2023.

Net financial items contributed positively to the net result with NOK 0.6 million in the first half of 2023 (NOK 7.5 million). The net financial income for the first half of 2023 stems from a conversion of a USD cash position into NOK as of June 30, 2023.

Cash flow

Cash flow from operating activities amounted to negative NOK 37.2 million in the first half of 2024, compared with negative NOK 45.8 million for the first half of 2023.

Cash flow from investing activities in the first half of 2024 amounted to NOK 23.5 million (NOK 9.9 million) and is mainly related to the realization of the remaining part of the short-term financial asset.

As the result of the capital increase in Q2 2024, where Lytix raised NOK 50 million in gross proceeds, the cash flow from financing activities for the first half of 2024 amounted to NOK 46.5 million (NOK 0.5 million for the same period last year). The transaction costs for the capital increase were NOK 3 million of which NOK 2.5 million was a 5% fee to pre-committing shareholders and two guarantee investors.

Statement of financial position / balance sheet

Cash and cash equivalents at the end of the reporting period amounted to NOK 60.2 million, compared with NOK 27.4 million as of 31 December 2023 and NOK 58.3 million as of 30 June 2023.

As of June 30, 2024, Lytix had total assets of NOK 77.7 million, compared to NOK 63.9 million by the end of 2023, and NOK 107.2 million by June 30, 2023.

Total equity amounted to NOK 59.2 million by June 30, 2024, compared to NOK 51.3 million by the end of 2023 and NOK 86.0 million by June 30, 2023. The equity ratio amounted to 76.3 percent by the end of 2023 compared to 80.3 percent by the end of 2023 and 80.3 percent by June 30, 2023.

Total liabilities amounted to NOK 18.4 million by June 30, 2024, compared to NOK 12.5 million by end of 2023 and NOK 21.2 million by June 30, 2023.

Platform technology

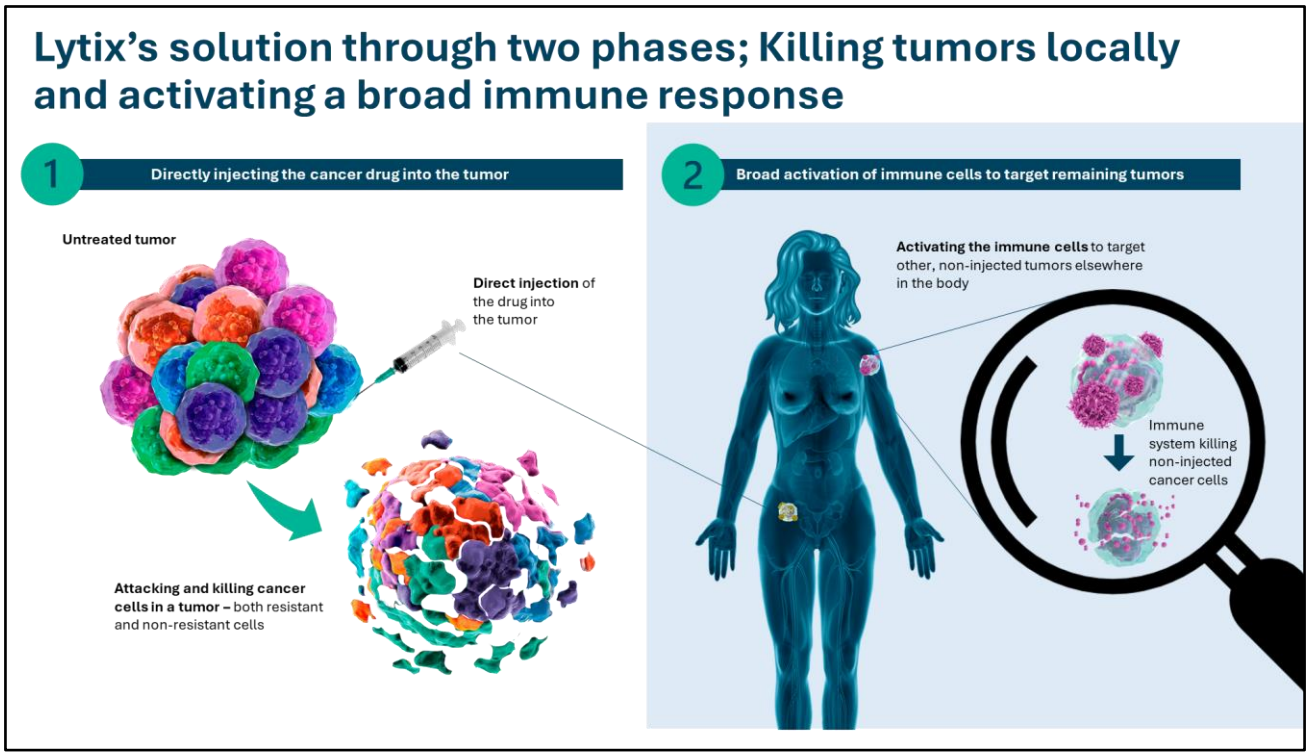
Lytix' technology platform is based on solid preclinical and clinical research and originates from UiT, The Arctic University of Norway, Tromsø. The company has successfully generated several highly active oncolytic molecules from naturally occurring host defense peptides. These have the potential to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

Generating a systemic and lasting anti-tumor immunity

Oncolytic molecules work by a dual mode of action; killing of cancer cells and activating the immune system. When these molecules are injected straight into the tumor environment, they both kill cancer cells and potentiate the patient's immune system. Lytix' approach represents an alternative and unique treatment approach to active the patient's own immune system to fight cancer. So far, data has demonstrated that Lytix' molecules can generate a systemic and lasting anti-tumor immunity.

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

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



Oncology is the largest pharmaceutical market by revenue. Oncology therapeutics represented USD 184 billion in sales in 2021 (˜20% of global pharmaceutical sales) [1]. To capture a larger market share, parallel development across multiple indications, increases the value of an individual asset and makes deal-making more likely. Unmet need remains high, and the market is expected to reach $269 billion by 2025 [2]. The key driver behind this future growth is expected to be immuno-oncology combination therapies. Lytix' oncolytic molecules are synergistic and complementary to other immuno-oncology therapies with the potential to create new treatment paradigms.

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

Product candidates and portfolio

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

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

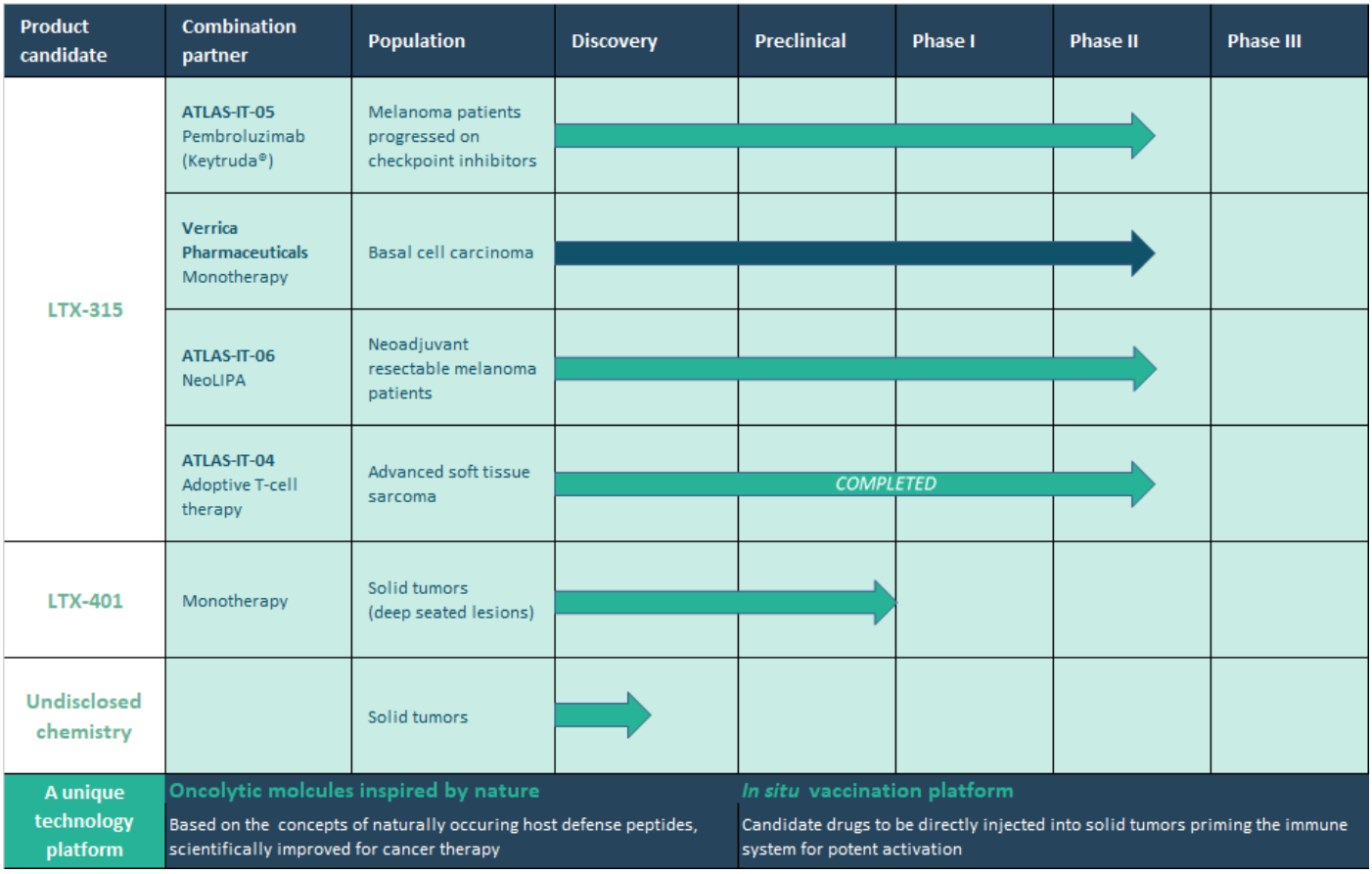
LTX-315 is currently being evaluated in two different Phase II trials, both as monotherapy and as combination therapy with the checkpoint inhibitor pembrolizumab. A third trial in the neoadjuvant setting is planned to open for enrolment Q3 2024.

Lytix' ATLAS-IT-05 clinical trial with LTX-315 was initiated at the MD Anderson Cancer Centre in the US and expanded to six sites in Europe. The study recruited patients with metastatic melanoma, a patient population with a significant unmet medical need, The study is fully recruited and several of the patients are still on treatment with pembrolizumab.

LTX-401 is a second-generation candidate drug; it is a small molecule and seem to be ideal for deep-seated tumors such as liver cancer. A new and improved formulation of LTX-401 offers potentially strong intellectual property protection and improved anticancer efficacy in preclinical models.

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

[1] Source: IQVIA Research, 2023
[2] Source: IQVIA Research, 2023



Partnerships

Verrica Pharmaceuticals Inc.

Verrica is a Nasdaq-listed dermatology therapeutics company developing medications for skin diseases requiring medical interventions, and it is headquartered in West Chester, Pennsylvania. In August 2020, Lytix announced that it entered into a license agreement providing Verrica with a world-wide license to develop and commercialize LTX-315 for all malignant and pre-malignant dermatological indications (skin cancer). Lytix maintains all rights to the use of LTX-315 in patients with metastatic melanoma and metastatic Merkel cell carcinoma. Verrica will assume responsibility for manufacturing of the LTX-315 drug product, while Lytix retains responsibility for manufacturing of the active pharmaceutical ingredient (API).

Under the exclusive worldwide license agreement with Verrica, Lytix has received an upfront payment, along with two development milestones, $ 3,5 MUSD in total. Lytix stand to receive up to USD 110 million in aggregate payments upon achieving specified clinical, regulatory, and sales milestones, in addition to tiered royalties on worldwide annual net sales, ranging from the low double digits to mid-teens.

Verrica intends to focus initially on basal cell and squamous cell carcinoma as the lead indications for development for LTX-315. Basal cell carcinoma, the most prevalent form of cancer globally, continues to see rising incidence rates, with approximately 3-4 million new cases diagnosed annually in the U.S. alone. BCC predominantly affects sun-exposed areas of the body, with around 80% of cases occurring on the face and head. Given the high unmet need for new treatment options, LTX-315 presents a compelling alternative to traditional invasive surgery, offering significant advantages such as reduced pain, infection, bleeding, and scarring. With a projected global market size of USD 11.5 billion by 2028 (CAGR 7.9%), LTX-315 is well-positioned to meet the growing demand for more effective BCC therapies.

In August 2024, Verrica announced positive top-line results from this ongoing Phase II trial, demonstrating the promising efficacy of LTX-315.

Risks and Uncertainties

FINANCIAL RISKS

Lytix is a clinical-stage biotech company currently incurring financial losses, which are expected to continue through the development phases of its products. Aside from potential milestone payments from the licensing agreement with Verrica, the company does not anticipate revenue-generating operations until one or more products are commercialized.

The company has no interest-bearing debt, and while bank deposits are exposed to interest rate fluctuations, the impact on financial income is minimal. Lytix regularly conducts transactions in currencies other than NOK, exposing it to currency risk, particularly in relation to EUR- and USD-denominated transactions. Credit risk remains low due to minimal revenue, excluding public grants and drug supply sales to partners.

Lytix manages its cash flow through rolling cash forecasts, with no loan covenants or other financial restrictions in place. The company relies on external funding, primarily through equity contributions, to finance ongoing operations. There is inherent risk in securing future financing, which depends on the company's performance and broader financial market conditions. Access to capital or financing may be constrained or available only on unfavorable terms.

NON-FINANCIAL RISKS

Lytix focuses on the development of pharmaceutical medications, a capital-intensive process fraught with significant risk until regulatory approval is achieved. The company's cancer treatment candidates and technology platform face risks at every stage of development.

TECHNOLOGY RISK

The company's product candidates are in early development stages, and preclinical or clinical studies may not yield successful outcomes. Continued research and development are essential but may face delays or higher-than-expected costs.

COMPETITIVE TECHNOLOGY

The immunotherapy and cancer therapeutics sectors are highly competitive and rapidly evolving. Lytix operates in this dynamic environment, where competing treatments may affect the company's ability to complete clinical trials, secure marketing authorization, or achieve future sales if approval is granted.

MARKET RISKS

The company's financial success hinges on securing favorable partner agreements and achieving market access with attractive pricing and reimbursement. There are no guarantees that these conditions will be met. Additionally, the company requires approvals from the European Medicines Agency (EMA) for the European market, the U.S. Food and Drug Administration (FDA) for the U.S. market, and equivalent regulatory authorities in other jurisdictions to commercialize its products globally.

Outlook

Lytix is well positioned to advance the development of its lead candidates which address critical challenges in current cancer therapy. The positive Phase II data for basal cell carcinoma (BCC) and the encouraging results seen in late-stage melanoma place the company in a favorable position to attract partners and investors to accelerate the development of LTX-315 and LTX-401.

We are very much looking forward to seeing the immunological analysis of BCC patients treated with LTX-315 (Q1 2025) which could indicate the potential of LTX-315 to reduce risk of new lesions in this patient population.

Lytix's ATLAS-IT-05 study, which investigates LTX-315 in late-stage melanoma patients who have failed to respond to other treatment options, continues to yield promising long-term results and we look forward to monitoring these patients over an extended period.

Later this year we will initiate a third phase II study with LTX-315 in early-stage melanoma patients at the Oslo University Hospital -Radiumhospitalet, under the leadership of Dr. Henrik Jespersen. By evaluating the potential of LTX-315 alongside standard-of-care treatment (pembrolizumab) in earlier-stage melanoma, we aim to assess the commercial potential in cancer patients with healthier immune systems and fewer prior treatments. Given the positive outcomes from the Verrica study and the tumor-specific immune responses observed in late-stage patients, we have high expectations for this study.

As LTX-315 progresses through clinical trials, both internally and in externally sponsored studies across Europe and the USA, we look forward to the release of additional data in 2025. We are also very motivated to start preparing LTX-401 in a new superior formulation for clinical Phase 1.

In parallel with further development of our drug candidates we will actively explore different commercial avenues for our drug candidates and technology platform

Following the successful capital raise in April 2024 and the implementation of cost-saving measures earlier this year, Lytix has secured a cash runway extending into 2025. The Company continues to proactively pursue strategic partnerships and additional financing options to support its ongoing development plans.

Oslo, August 28, 2024

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

Marie Roskrow Chairperson of the Board	**Brynjar Forbergskog** Board Member	**Evelina Vågesjö** Board Member
Jayson Rieger Board Member	**Kjetil Hestdal** Board Member	**Marie-Louise Fjällskog** Board Member
Øystein Rekdal Chief Executive Officer		

Financial statements

STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousands	*Notes*	**Q2 2024**	Q2 2023	**H1 2024**	H1 2023	FY 2023
Revenue	*5,6*	-	74	10,526	74	3,991
Other operating income		-	-	-	-	-
Total operating income		**-**	**74**	**10,526**	**74**	**3,991**
Payroll and related expenses	*7, 8*	(4,715)	(7,417)	(10,378)	(12,557)	(24,344)
Depreciation and amortization expenses		(230)	(239)	(472)	(478)	(962)
Direct R&D expenses	*7*	(13,170)	(24,389)	(33,356)	(39,572)	(63,167)
Other expenses	*7*	(3,424)	(2,165)	(6,545)	(6,050)	(12,303)
Total operating expenses		**(21,540)**	**(34,209)**	**(50,751)**	**(58,657)**	**(100,776)**
Loss from operations		**(21,540)**	**(34,135)**	**(40,225)**	**(58,584)**	**(96,785)**
Financial income	*9*	229	2,723	739	7,523	8,945
Financial expenses	*9*	(124)	(15)	(131)	(34)	(58)
Net financial items		**105**	**2,709**	**608**	**7,489**	**8,887**
Loss before tax		**(21,435)**	**(31,427)**	**(39,617)**	**(51,095)**	**(87,897)**
Tax expense		-	-	-	-	-
Loss for the period		**(21,435)**	**(31,427)**	**(39,617)**	**(51,095)**	**(87,897)**
Net other comprehensive income (loss), net of tax						
Items that may be reclassified to profit and loss in subsequent periods		-	-	-	-	-
Items that will not be reclassified to profit and loss in subsequent periods		-	-	-	-	-
Total comprehensive loss for the period		**(21,435)**	**(31,427)**	**(39,617)**	**(51,095)**	**(87,897)**
Earnings (loss) per share						
Basic and diluted earnings (loss) per share	*12*	(0.48)	(0.78)	(0.88)	(1.28)	(2.19)

STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousands	*Notes*	**30.06.2024**	30.06.2023	**31.12.2023**
Assets				
Non-current assets				
Property, plant and equipment		76	144	110
Right-of-use assets	*10*	2,998	888	438
Total non-current assets		**3,074**	**1,032**	**548**
Current assets				
Other receivables		14,410	5,959	12,777
Short-term financial investments		-	41,961	23,183
Cash and cash equivalents	*11*	60,181	58,257	27,365
Total current assets		**74,591**	**106,177**	**63,326**
Total assets		**77,665**	**107,209**	**63,874**
Shareholder's equity and liabilities				
Issued capital and reserves				
Share capital	*11*	4,961	4,007	4,007
Share premium reserve		54,260	82,037	47,312
Total equity		**59,221**	**86,043**	**51,319**
Liabilities				
Non-current liabilities				
Lease liabilities	*10*	2,266	41	41
Total non-current liabilities		**2,266**	**41**	**41**
Current liabilities				
Trade payables		4,196	5,889	3,572
Other current liabilities		11,251	14,310	8,492
Lease liabilities	*10*	731	926	451
Total current liabilities		**16,178**	**21,125**	**12,514**
Total liabilities		**18,444**	**21,166**	**12,555**
Total equity and liabilities		**77,665**	**107,209**	**63,874**

Oslo, April 28, 2024

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

Marie Roskrow Chairperson of the Board	**Brynjar Forbergskog** Board Member	**Evelina Vågesjö** Board Member
Jayson Rieger Board Member	**Kjetil Hestdal** Board Member	**Marie-Louise Fjällskog** Board Member
Øystein Rekdal Chief Executive Officer		

STATEMENT OF CASH FLOWS

Amounts in NOK thousands	*Notes*	**Q2 2024**	Q2 2023	**H1 2024**	H1 2023	**FY 2023**
Cash flows from operating activities						
Profit (loss) before income tax		(21,435)	(31,427)	(39,617)	(51,095)	(87,897)
Adjustments for:						
Depreciation of property, plant and equipment		17	14	34	28	62
Depreciation of right-of-use assets	*10*	213	225	438	450	900
Interest income/(expense), net		(182)	(660)	(363)	(1,342)	(2,348)
Share-based payment expense	*8*	(105)	1,086	529	2,104	4,183
Increased/decreased in trade and other receivables		4,430	1,114	(1,633)	776	(6,042)
Increased/decreased in trade and other payables		4,147	3,101	3,383	3,308	(4,828)
Cash generated from operations		**(12,914)**	**(26,546)**	**(37,229)**	**(45,769)**	**(95,969)**
Income tax paid		-	-	-	-	-
Net cash flows from operations		**(12,914)**	**(26,546)**	**(37,229)**	**(45,769)**	**(95,969)**
Investing activities						
Investment in tangible assets		-	(32)		(49)	(49)
Interests received		182	660	363	1,344	2,351
Investment in other short-term investments		13,511	9,352	23,183	8,645	27,423
Net cash from/(used in) financing activities		**13,693**	**9,980**	**23,547**	**9,940**	**29,725**
Financing activities						
Interests paid		-	-	-	(2)	(3)
Proceeds from share issue	*11*	50,000	-	50,000	-	-
Transaction cost	*11*	(3,011)	-	(3,011)	-	-
Payment of principal portion of lease liabilities	*10*	(249)	(233)	(491)	(464)	(940)
Net cash from/(used in) financing activities		**46,740**	**(233)**	**46,498**	**(466)**	**(943)**
Net increase in cash and cash equivalents		47,519	(16,800)	32,816	(36,295)	(67,187)
Cash and cash equivalents at the beginning of the period		12,661	75,057	27,365	94,552	94,552
Cash and cash equivalents at the end of the period		**60,181**	**58,257**	**60,181**	**58,257**	**27,365**

STATEMENT OF CHANGES IN EQUITY

Amounts in NOK thousands	Share capital	Share premium reserve	Other equity	Total equity
Balance as at January 1, 2023	**4,007**	**131,027**	**-**	**135,034**
Loss for the period	-	-	(87,897)	(87,897)
Net other comprehensive income/(loss)	-	-	-	**-**
Other comprehensive income/(loss) for the period	**-**	**-**	**(87,897)**	**(87,897)**
Share based payment	-	4,183	-	**4,183**
Reclassification of accumulated losses	-	(87,897)	87,897	**-**
Total contribution by and distributions to owners	**-**	**(83,714)**	**87,897**	**4,183**
Balance as at June 30, 2023	**4,007**	**47,312**	**-**	**51,319**
Balance as at January 1, 2024	**4,007**	**47,312**	**-**	**51,319**
Loss for the period	-	-	(39,617)	(39,617)
Net other comprehensive income/(loss)	-	-	-	**-**
Other comprehensive income/(loss) for the period	-	**-**	**(39,617)**	**(39,617)**
Capital increase 13.05.2024	954	49,046	-	**50,000**
Transaction cost	-	(3,011)	-	**(3,011)**
Share based payment	-	529	-	**529**
Reclassification of accumulated losses	-	(39,617)	39,617	**-**
Total contribution by and distributions to owners	**954**	**(6,947)**	**39,617**	**47,519**
Balance as at June 30, 2024	**4,961**	**54,260**	**-**	**59,221**

Notes to the interim report

1. GENERAL INFORMATION

The accompanying interim financial statements of Lytix Biopharma AS, for the period ending 30 June 2024 and the comparable financial statements for the period ending 30 June 2023, were authorized for issue on August 28, 2024, by resolution of the Board of Directors.

Lytix Biopharma AS (the 'Company' or 'Lytix Biopharma') is a limited liability company incorporated and domiciled in Norway. The Company was established in 2003 and the registered office is located at Sandakerveien 138, 0484 Oslo. The Company's shares are currently traded on Euronext Growth Oslo.

Lytix Biopharma is a clinical-stage biotech company with a highly novel technology based on world-leading research in host-defense peptide-derived molecules. Lytix Biopharma has a pipeline of molecules that can work in many different cancer indications and treatment settings, both as mono- and combination therapy. The company's lead product, LTX-315, is a first-in-class oncolytic molecule representing a new principle to boost anti-cancer immunity. It is currently being tested in combination with the market approved immunotherapeutic drug KEYTRUDA® (pembrolizumab) in a Phase II study in the US and Europe. The Company is also supporting its licensing partner Verrica Pharmaceuticals in their Phase II trial in patients with basal cell carcinoma. In addition, the company has other candidates in the pipeline, including LTX-401, a second-generation molecule developed for treatment of visceral tumors.

As of 30 June 2024, Lytix Biopharma AS has no subsidiaries or affiliated companies.

The financial statements for the year ended 31 December 2023 are available at www.lytixbiopharma.com

2. BASIS FOR PREPARATION

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union (the "EU") and additional requirements in the Norwegian Securities Trading Act. This interim financial report does not include all information and disclosures required by other standards within the International Financial Accounting Standards ("IFRS") for a complete set of annual financial statements. Hence, this report should be read in conjunction with the annual report prepared in accordance with IFRS for the year ended 31 December 2023.

These interim financial statements are unaudited.

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial statements for the year ended 31 December 2023.

In the interim financial statements, the first half-year is defined as the reporting period from 1 January to 30 June and the second quarter the period starting from 1 April to 30 June.

All amounts are presented in NOK thousand (TNOK) unless otherwise stated. Because of rounding differences, numbers or percentages may not add up to the sum totals.

Significant accounting judgements, estimates and assumptions

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are evaluated on an on-going basis and are based on historical experience and other factors, including expectations of future events that are considered to be relevant.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended 31 December 2023.

3. SIGNIFICANT CHANGES, EVENTS AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

In April 2024, Lytix successfully completed a share offering, raising NOK 50 million in gross proceeds, primarily from existing shareholders. This capital injection extends the company's cash runway into 2025. The offering garnered strong interest from both existing and new high-quality investors, leading to total subscriptions amounting to NOK 50 million.

The financial position and the performance of the company was not, other than mentioned above, particularly affected by any significant events or transactions during the first half-year in 2024.

4. PROFIT AND LOSS INFORMATION

Seasonality of operations

Seasonality in pharmaceutical operations is first and foremost associated with outbreaks of certain diseases during certain periods of the year. Such fluctuations are not commonly observed in the incidence rates of cancer. Therefore, management does not consider the business to be 'highly seasonal' in accordance with IAS 34.

NOTE 5 REVENUE

The following table presents the disaggregation of the Company's revenue from contracts with customers:

Amounts in NOK thousands	**Q2 2024**	Q2 2023	**H1 2024**	H1 2023	**2023**
Revenue					
Licensing of LTX-315	-	-	-	-	-
Sale of API LTX-315	-	74	10,526	74	3,991
Other revenue	-	-	-	-	-
Total Revenue	**-**	**74**	**10,526**	**74**	**3,991**

The production and sale of API (LTX-315) to its licensee, Verrica Pharmaceuticals, generated a revenue of USD 10.5 million compared during the first half of 2024.

NOTE 6 SEGMENTS

Lytix' primary business is to develop proprietary intellectual property of drug candidates for out-licensing, and the production and sale of API (LTX-315) to its licensees. Operating segments are components of the Company that the chief operating decision maker of the Company ('CODM') regularly reviews to assess performance and allocate resources. The CODM for the Company is considered to be the Board of Directors collectively, which reviews the Company's performance as a whole, and therefore only one operating segment is identified.

The geographical distribution of sales by the client's place of incorporation is the following:

Amounts in NOK thousands	**Q2 2024**	Q2 2023	**H1 2024**	H1 2023	**2023**
Geographical distribution					
Norway	-	-	-	-	-
US	-	74	10,526	74	3,991
Total operating income	**-**	**74**	**10,526**	**74**	**3,991**

All non-current assets (other than financial instruments) are located in Norway.

Note 1 includes a disaggregation of revenue by the main products and services provided by the Company.

NOTE 7 GOVERNMENT GRANTS

Government grants are recognized in profit or loss as deduction on Salary, Direct R&D expenses and Other operating expenses with the following amounts:

Amounts in NOK thousands	**Q2 2024**	Q2 2023	**H1 2024**	H1 2023	2023
Government grants					
Tax refund (across all R&D activities)	1,187	-	2,375	-	4,750
Oslo Regional Research Fund (RRF)	-	375	-	750	1,500
Total government grants received	**1,187**	**375**	**2,375**	**750**	**6,250**

Amounts in NOK thousands	**Q2 2024**	Q2 2023	**H1 2024**	H1 2023	**2023**
Costs deducted					
Payroll and related expenses	35	132	95	280	1,067
Direct R&D expenses	1,153	243	2,273	470	5,156
Other operating expenses	-	-	7	-	27
Total costs deducted	**1,187**	**375**	**2,375**	**750**	**6,250**

NOTE 8 PAYROLL AND RELATED EXPENSES

Amounts in NOK thousands	**Q2 2024**	Q2 2023	**H1 2024**	H1 2023	**2023**
Payroll and related expenses, including directors, comprise					
Salaries and bonus	3,655	4,878	7,734	8,328	16,267
Defined contribution pension cost	241	300	577	571	1,262
Share-based payment expense	(105)	1,086	529	2,104	4,183
Social security contributions	935	918	1,582	1,439	3,015
Other personnel costs	24	366	50	395	683
Government grants	(35)	(132)	(95)	(280)	(1,067)
Total payroll and related expenses	**4,715**	**7,417**	**10,378**	**12,557**	**24,344**

NOTE 9 FINANCE INCOME AND EXPENSES

Amounts in NOK thousands	**Q2 2024**	Q2 2023	**H1 2024**	H1 2023	**2023**
Financial income					
Interest income	181	660	363	1,344	2,351
Foreign exchange gains	-	1,407	-	4,816	4,008
Other financial income	48	657	376	1,364	2,586
Total financial income	**229**	**2,723**	**739**	**7,523**	**8,945**

Amounts in NOK thousands	**Q2 2024**	Q2 2023	**H1 2024**	H1 2023	**2023**
Financial expenses					
Interest expenses	-	-	-	(2)	(3)
Interest expenses on lease liabilities	(3)	(15)	(9)	(32)	(53)
Foreign exchange losses	(74)	-	(74)	-	-
Other financial expenses	(47)	-	(48)	-	(2)
Total financial expenses	**(124)**	**(15)**	**(131)**	**(34)**	**(58)**

NOTE 10 LEASES

The lease for the current office space expired on June 30, 2024. On June 19, 2024, the lease was extended. Consequently, Lytix has recalculated the right-of-use asset and the corresponding lease liability in accordance with IFRS 16."

NOTE 11 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital on June 30, 2024, is NOK 4,961,030.3 (December 31, 2023: 4,006,831.9), being 49,610,303 ordinary shares at a nominal value of NOK 0.1. All shares carry equal voting rights.

	2024	**2023**
Ordinary shares at 1 January	40,068,319	40,068,319
Capital increase May 13, 2024 [1)]	9,541,984	-
Ordinary shares per June 30 / December 31	**49,610,303**	**40,068,319**

[1)] In 2024, 9,541,984 shares were subscribed for in a private placement among existing shareholders at an average share price of NOK 5.24 for total gross proceeds of NOK 50 million. On April 25th, 2024, the extraordinary general meeting resolved to issue 9,055,607 shares, and further authorized the board of directors to issue additional shares. On April 26th, 2024, the board of directors resolved to issue 486,377 shares. The final allocation thus amounts to 9,541,984 shares, raising gross proceeds of NOK 50 million. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on May 13, 2024.

No.	Shareholder	No. of shares	Percentage share of total no. of shares
1	CITIBANK, N.A.	4,711,409	9.5 %
2	JAKOB HATTELAND HOLDING AS	4,428,816	8.9 %
3	TAJ HOLDING AS	2,788,900	5.6 %
4	LYR INVEST AS	2,438,863	4.9 %
5	3T PRODUKTER HOLDING AS	1,808,764	3.6 %
6	BRØDRENE KARLSEN HOLDING AS	1,709,274	3.4 %
7	PER STRAND EIENDOM AS	1,510,769	3.0 %
8	YNNI INVEST AS	1,392,889	2.8 %
9	HIFO INVEST AS	1,318,913	2.7 %
10	SATURN INVEST AS	1,318,913	2.7 %
11	CARE HOLDING AS	1,024,287	2.1 %
12	LTH INVEST AS	896,786	1.8 %
13	KVASSHØGDI AS	890,986	1.8 %
14	BELVEDERE AS	760,430	1.5 %
15	JAHATT AS	738,167	1.5 %
16	PICASSO AS	695,753	1.4 %
17	SKANDINAVISKA ENSKILDA BANKEN AB	669,115	1.3 %
18	LYSNES INVEST AS	615,654	1.2 %
19	NORINNOVA INVEST AS	557,510	1.1 %
20	DRAGESUND INVEST AS	490,839	1.0 %
	Total number of shares for top 20 shareholders	**30,767,037**	**62.0%**
	Total number of shares for the other shareholders	**18,843,266**	**38.0%**
	Total number of shares	**49,610,303**	**100.0%**

NOTE 12 EARNINGS PER SHARE

Earnings per share are calculated on the basis of the profit or loss for the year after tax, excluding other comprehensive items. The result is divided by a time weighted average number of outstanding shares over the year. The diluted earnings per share is calculated by adjusting the time weighted average number of outstanding shares by the number of employee share options that can be exercised. As the company is currently loss-making an increase in the average number of shares would have anti-dilutive effect.

	Q2 2024	Q2 2023	**H1 2024**	H1 2023	**2023**
Loss for the period *(NOK thousands)*	(21,435)	(31,427)	(39,617)	(51,095)	(87,897)
Average number of outstanding shares during the year	44,839,311	40,068,319	44,839,311	40,068,319	40,068,319
Basic and diluted earnings per share *(NOK)*	**(0.48)**	**(0.78)**	**(0.88)**	**(1.28)**	**(2.19)**

NOTE 13 EVENTS AFTER THE REPORT DATE

The Board of Directors is not aware of any other events that occurred after the balance sheet date, or any new information regarding existing matters, that can have a material effect on the 2024 first half-year interim financial report for the company.

Lytix Biopharma AS
Sandakerveien 138
NO-0484 Oslo
Norway

General enquiries:
post@lytixbiopharma.com

Media enquiries:
oystein.rekdal@lytixbiopharma.com

www.lytixbiopharma.com