Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	985 889 635
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	LYTIX BIOPHARMA AS
Forretningsadresse:	Sandakerveien 138 0484 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2024 - 31.12.2024

Konsern

Morselskap i konsern:	Nei

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Gjest Andreas Breistein
Dato for fastsettelse av årsregnskapet:	29.04.2025

Grunnlag for avgivelse

År 2024: Årsregnskapet er elektronisk innlevert

År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 05.08.2025

Resultatregnskap

Beløp i: NOK	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Sales revenue		11 134 000	3 991 000
Sum inntekter		**11 134 000**	**3 991 000**
Kostnader			
Payroll and related expenses		22 590 000	24 344 000
Depreciation and amortization expenses		915 000	962 000
Direct R&D expenses		72 565 000	68 323 000
Other expenses		10 960 000	7 147 000
Sum kostnader		**107 029 000**	**100 776 000**
Driftsresultat		**-95 896 000**	**-96 785 000**
Finansinntekter og finanskostnader			
Other financial income		2 184 000	18 010 000
Sum finansinntekter		**2 184 000**	**18 010 000**
Other financial expenses		553 000	9 122 000
Sum finanskostnader		**553 000**	**9 122 000**
Netto finans		**1 631 000**	**8 887 000**
Resultat før skattekostnad		**-94 265 000**	**-87 897 000**
Tax expense	1		
Årsresultat		**-94 265 000**	**-87 897 000**
Årsresultat etter minoritetsinteresser		**-94 265 000**	**-87 897 000**
Totalresultat		**-94 265 000**	**-87 897 000**
Overføringer og disponeringer			
Transferred from other equity		-94 265 000	-87 897 000
Sum overføringer og disponeringer		**-94 265 000**	**-87 897 000**

Balanse

Beløp i: NOK	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	1		
Varige driftsmidler			
Plant and machinery		14 000	48 000
Equipment, fixtures and fittings and other movables		28 000	62 000
Sum varige driftsmidler		**42 000**	**110 000**
Finansielle anleggsmidler			
Right-of-use assets		2 589 000	438 000
Sum finansielle anleggsmidler		**2 589 000**	**438 000**
Sum anleggsmidler		**2 631 000**	**548 000**
Omløpsmidler			
Varer			
Fordringer			
Other short-term receivables		13 103 000	12 777 000
Krav på innbetaling av selskapskapital		10 000	
Sum fordringer		**13 113 000**	**12 777 000**
Investeringer			
Listed bonds			23 183 000
Sum investeringer			**23 183 000**
Bankinnskudd, kontanter og lignende			
Bank deposits, cash and cash equivalents		130 791 000	27 365 000
Sum bankinnskudd, kontanter og lignende		**130 791 000**	**27 365 000**
Sum omløpsmidler		**143 904 000**	**63 326 000**
SUM EIENDELER		**146 535 000**	**63 874 000**

Balanse

Beløp i: NOK	Note	2024	2023
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital		6 816 000	4 007 000
Overkurs		101 078 000	47 312 000
Sum innskutt egenkapital		**107 894 000**	**51 319 000**
Sum egenkapital		**107 894 000**	**51 319 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	1		
Annen langsiktig gjeld			
Lease liabilities		1 878 000	41 000
Sum annen langsiktig gjeld		**1 878 000**	**41 000**
Sum langsiktig gjeld		**1 878 000**	**41 000**
Kortsiktig gjeld			
Leverandørgjeld		5 015 000	3 572 000
Tax payable	1		
Public duties payable		1 187 000	1 364 000
Other current liabilities		29 800 000	7 128 000
Lease liabilities		762 000	451 000
Sum kortsiktig gjeld		**36 764 000**	**12 514 000**
Sum gjeld		**38 642 000**	**12 555 000**
SUM EGENKAPITAL OG GJELD		**146 535 000**	**63 874 000**

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	02.10.2015	15.10.2015
Telefon	Deres referanse	Vår referanse
22078139	Ellen-Karoline Wallace Johansen	2015/967821

BDO AS
Postboks 1704 Vika
0121 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk

Vi viser til deres brev av 2. oktober 2015 og e-post av 13. oktober 2015 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for følgende selskaper;

Lytix Biopharma AS org. nr. 985 889 635
Lytix Amicoat AS org. nr. 913 811 380

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Lytix Biopharma AS og Lytix Amicoat AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Lytix Biopharma AS eier Lytix Amicoat AS. Aksjonærene er aksjeselskaper, også utenlandske. Selskapene driver med forskning og utviklingsarbeid innen bioteknologi. Selskapene driver virksomhet i en internasjonal bransje. Arbeidsspråket er engelsk. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som*

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60

tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at selskapene er eiet av norske og utenlandske selskaper. Selskapet driver virksomhet i en internasjonal bransje. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer

[redacted]

Lytix Biopharma

Annual Report 2024

This is Lytix Biopharma

Lytix in Brief

Lytix Biopharma develops innovative cancer treatments that combine the best of two worlds: local tumor destruction with broad immune system activation. Lytix has built a strong clinical pipeline and are already commercially validated through a license agreement with US listed Verrica Pharmaceuticals. Throughout 2024, the company's lead drug candidate LTX-315 showed impressive efficacy and strong results from multiple Phase II studies in different types of skin cancer. Entering 2025, Lytix is advancing the next generation technology for cancer treatment, overcoming the limitations of current immunotherapies and preparing for commercialization.

Clinical phase II studies	Commercial license agreement	Years of research and development	Main drug candidates

Lytix Biopharma is a clinical-stage biotech company, focusing on bringing LTX-315 to market. One phase II study is completed, and two phase II studies are ongoing, both as monotherapy and in combination. Notably, LTX-315 has demonstrated strong results in treating basal cell carcinoma (BCC), achieving a 97% calculated objective response rate (ORR) in a study led by our partner Verrica Pharmaceuticals. These results will be presented to the U.S. Food and Drug Administration (FDA) in H1 2025, marking an important step toward the final phase of clinical development and positioning Lytix to unlock up to USD 110 million in milestone payments.

Further strengthening its robust pipeline, Lytix is advancing LTX-315 towards early-stage malignant melanoma patients in the ongoing NeoLIPA study, with interim Phase II results expected in Q3 2025. In parallel, Lytix is progressing the next generation candidate, LTX-401, towards clinical stage.

With a differentiated approach, validated clinical progress, and a clear path to market, Lytix is well-positioned to drive the future of cancer treatment.

LTX-315 showed strong results in the treatment of patients with skin cancer disease basal cell carcinoma

Key results summary, phase II study conducted by Verrica Pharmaceuticals enrolled 90 patients

97%	86%	51%
Calculated objective response rate	Overall reduction of tumor size	Complete clearance rate of basal cell carcinomas

Targeting a large market with huge potential

The global immuno-oncology market is substantial, potentially exceeding **USD 150 billion by 2030.***

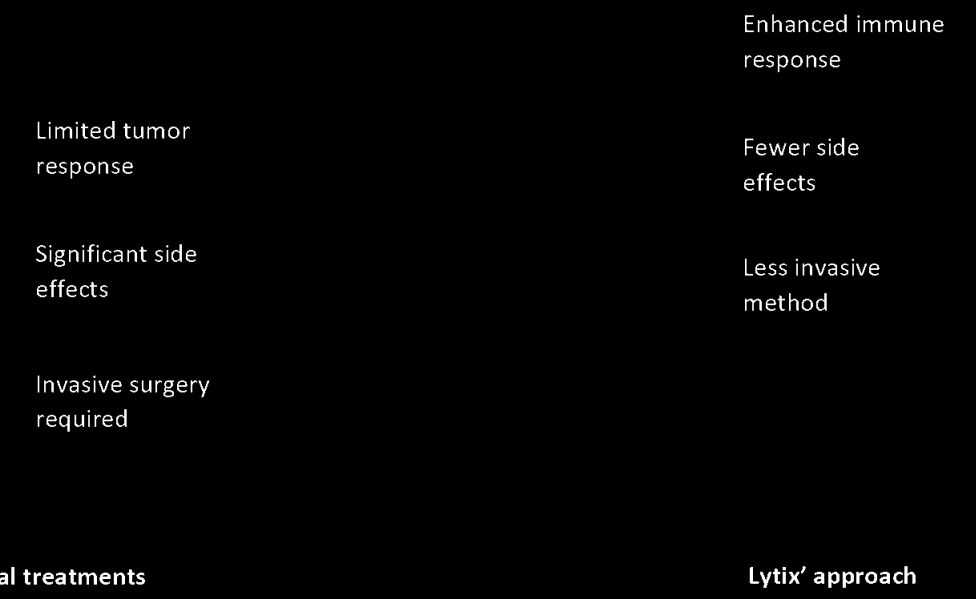
Driven by the high incidence of skin cancers, the market is expected to grow at a **CAGR of 10 to 15%.***

Skin cancer is the most common cancer type globally. For BCC, more than 3.6 million patients are diagnosed annually in the US alone**

Challenges in current cancer treatment and Lytix approach to bridge the gap

Skin cancer treatment relies on advanced science, but challenges remain. Solid tumors often resist treatment, leaving them "cold" and prone to relapse. Tumor heterogeneity further complicates therapy, as different cancer cells, including resistant ones, coexist. For skin cancers like BCC, surgery is the standard of care but frequently comes with significant side effects and there is an urge for new treatment modalities.

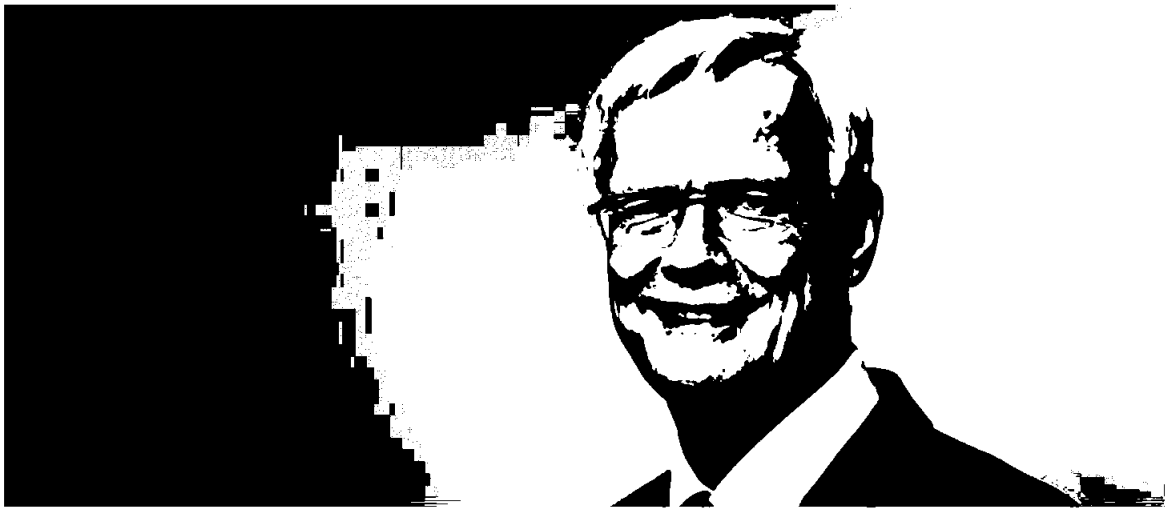
Lytix Biopharma addresses these challenges with LTX-315, by local killing of cancer cells converting "cold" tumors into "hot" and activation of systemic immune responses . This local treatment allows higher dosing with fewer systemic side effects, targeting both primary and distant tumors while reducing pain, infection, bleeding, and scarring.



Sources: *) *GlobalData, Pharma Intelligence Center*, **) https://www.skincancer.org/skin-cancer-information/skin-cancer-facts/

Letter from the CEO

Lytix Biopharma: A defining year on the path to market



Dear Shareholders,

At Lytix Biopharma, our mission is clear: to transform cancer treatment by harnessing the power of the immune system. Cancer remains one of the greatest global health challenges, and we are committed to delivering innovative, effective, and accessible therapies that improve patient outcomes. With each step forward, we are not just advancing our technology, we are making a tangible difference in the lives of patients and their families.

As we reflect on 2024, Lytix Biopharma is nearing commercialization, with a de-risked and validated immuno-oncology technology that has demonstrated strong efficacy through several phase II studies. This year has been transformative, bringing us one step closer to the market with a potential Phase III clinical trial on the horizon.

A defining moment: approaching the market with Verrica
Our partnership with Verrica Pharmaceuticals has delivered groundbreaking results. The Phase II study for basal cell carcinoma (BCC) achieved an impressive 97% calculated objective response rate, reinforcing the potential of LTX-315 as a first-line treatment. With discussions planned with the FDA in the first half of 2025, we are preparing for the pivotal Phase III study—the final step before bringing this therapy to market. This is a major milestone, not just for Lytix, but for patients in need of more effective treatment options.

A de-risked biotech with proven efficacy
Our technology is clinically validated, with demonstrated efficacy in multiple studies across various indications. The success of our partnership with Verrica, combined with our robust clinical pipeline, highlights the strength of our approach. This significantly reduces the risks often associated with biotech investments and underscores our position as a company with a clear and credible path to commercialization.

Expanding our clinical pipeline
Beyond the Verrica partnership, our own clinical development program continues to progress. The NeoLIPA Phase II study in resectable melanoma is ongoing, with the first patient treated in November 2024. This patient population can be surgically cured, though it carries a high risk of cancer recurrence. The use of anti-PD1 checkpoint inhibitors has reduced the risk of cancer recurrence. By adding LTX-315 we aim to provide a treatment that significantly reduces the risk of recurrence after surgery for in this patient population compared to immune checkpoint inhibitors alone. This patient population represents a highly attractive commercial opportunity, as these individuals typically have a well-functioning immune system, making them particularly suitable for our drug. We anticipate interim

results in Q3 2025, which will provide further insight into the potential of LTX-315 in earlier-stage cancers. Meanwhile, the ATLAS-IT-05 study in late-stage melanoma patients has shown encouraging disease control rates, and we are preparing for the clinical launch of LTX-401 in 2026 with a new and improved formulation.

Financial foundation for future development
In a challenging biotech market, we successfully raised NOK 161 million in 2024 from both existing and new shareholders. The funds provide critical financial stability, ensuring that we can execute our strategy and reach key milestones. With our focus on late-stage development and commercialization through partnerships, Lytix is well-positioned to capitalize on the growing demand for innovative intra-tumoral immunotherapies. This innovative treatment approach has garnered significant interest among mid- and large-sized pharmaceutical companies, making Lytix a highly attractive partner candidate.

2025: the year Lytix stands out
The year ahead is poised to be one of the most significant in Lytix Biopharma's history. With a potential first pivotal Phase III study being initiated and multiple clinical milestones approaching, we are closer than ever to delivering our breakthrough therapies to patients. Our combination of validated science, a clear regulatory path, and strong financial standing makes Lytix a standout in the biotech landscape.

I extend my deepest gratitude to our team, partners, and shareholders for their continued trust and commitment. Together, we are driving Lytix toward its ultimate goal: bringing life-changing treatments to market and creating lasting value for patients and investors alike.

Sincerely,

Øystein Rekdal
CEO and Co-founder
Lytix Biopharma

Highlights and key figures

Partnership – Strong phase II results and advancements with Verrica

- Licensing partner Verrica Pharmaceuticals reported a 97% calculated objective response rate in its Phase II study for basal cell carcinoma (BCC)
- Verrica showcased three posters at the 2025 Winter Clinical Dermatology Conference, highlighting LTX-315's potential and Lytix's oncolytic technology
- FDA discussions are planned for H1 2025 to outline the path for Phase III, further advancing the program after demonstrating strong results from phase II study in the treatment of patients with basal cell carcinoma

Robust clinical pipeline with important advancements in 2024

- NeoLIPA: Phase II study in early-stage melanoma initiated at Oslo University Hospital, with the first patient treated in November 2024. Interim results expected in Q3 2025
- LTX-401: New formulation enhances anticancer effects and extends patent life. Clinical trial preparations underway, targeting launch in 2026
- ATLAS-IT-05: Promising interim data show 40% disease control in heavily pre-treated late-stage melanoma patients. Study completion expected in H2 2025

Intellectual property and organization:

- Lytix Biopharma secured a key U.S. patent for combining its oncolytic peptide, LTX-315, with PD-1 immune checkpoint inhibitors, strengthening its intellectual property position
- Mette Husbyn joined as Chief Technology Officer (CTO), and Maciej Gil was appointed Executive Director of Clinical Development, further strengthening Lytix's leadership team

Strengthened financial position and strategic business focus

- Successfully raised NOK 161 million from existing and new shareholders, securing capital to support key milestones and ensure operational stability
- Increased focus on late-stage development and commercialization through strategic partnerships, with heightened activity anticipated following NeoLIPA interim results

Key figures

NOK '000	2024	2023
Total operating income	**11,134**	3,991
Total operating expenses	**(107,029)**	(100,776)
Loss from operations	**(95,896)**	(96,785)
Loss for the period	**(94,265)**	(87,897)
Short-term financial investments	**-**	23,183
Cash and cash equivalents	**130,791**	27,365

Strategic approach

Lean and effective team structure supported by international expertise

ADVISORY BOARD
Internationally recognized

BOARD OF DIRECTORS
Highly experienced

LYTIX CORE TEAM

CLINICAL EXPERTS
Best-in-class

BUSINESS DEVELOPMENT

Lytix employs a lean, adaptable team structure, combining a core team in Norway with top notch expert support across the US and Europe.

This approach ensures the right expertise is engaged at the right time, optimizing progress for our drug candidates.

Lytix is focused on positioning its lead immuno-oncology asset as a high-value, differentiated opportunity for potential partners. By presenting strong clinical data and highlighting the assets market potential, the company aims to attract interest from pharmaceutical companies.

To drive engagement, Lytix actively identifies and build relations with firms whose expertise and strategic priorities align with Lytix asset, prioritizing those with complementary immuno-oncology pipelines or portfolio gaps. Relationship-building and educational activities remains a key component, leveraging conferences, virtual meetings, and intermediaries to foster connections.

The ultimate goal is to secure more licensing agreements or acquisition by a large or mid-sized pharmaceutical company, ensuring the successful commercialization of the innovation.

Lytix Biopharma's roadmap to create shareholder value

Lytix
Biopharma

Solid portfolio of clinical studies

Clear path towards commercialization, demonstrated through licensing with Verrica Pharmaceuticals

Multiple future opportunities for additional value generation, both via new molecules, as well as potential new markets

Director's Report

Operational Review

Partnerships

LTX-315 development in partnership with Verrica
Verrica Pharmaceuticals, a Nasdaq-listed dermatology therapeutics company, is advancing the clinical development and commercialization of LTX-315 for skin cancers through an exclusive global license agreement. This agreement offers Lytix significant value, with potential milestone payments of up to USD 110 million in addition to tiered royalties on global sales.

In 2024, LTX-315 showed outstanding results in patients with basal cell carcinoma (BCC). In January, Verrica completed patient enrollment for the Phase II BCC study. By August, positive top-line data revealed:

- 86% overall tumor reduction
- 51% complete clearance rate
- 71% reduction in tumor size on patients with residual carcinomas
- Updated results in November confirmed a **97% calculated objective response rate** (ORR)

The study had a favorable safety profile, with no severe adverse events, based on data from 90 patients.

With these positive results, Verrica plans an End-of-Phase 2 meeting with the FDA in H1 2025, signaling progress toward Phase III and commercialization. Additionally, Verrica's USD 42 million capital raise in November 2024 further strengthens their financial position and supports continued development. With strong clinical data and a clear regulatory path, LTX-315 is well-positioned for further advancement, reinforcing Lytix's leadership in oncolytic immunotherapy.

ClinicalTrials.gov Identifier: NCT05188729

Research and development

Lytix Biopharma's R&D process combines extensive experience with a structured approach to cancer treatment. By leveraging expert insights, the company evaluates the best indications, combinations, and dosages to maximize the success rate of the clinical portfolio. Positioned to advance therapies effectively, Lytix prioritizes safety, quality, and regulatory compliance across its supply chain and ensures thorough documentation at each phase of development.

NeoLIPA: A highly compelling Phase II study with strong potential
Neoadjuvant immunotherapy uses immune-boosting treatments, such as checkpoint inhibitors, before surgery to shrink tumors and eliminate undetectable cancer cells. This approach is expected to play an important role for future melanoma treatment, positioning Lytix at the forefront of innovation through its investigator-led NeoLIPA study at Oslo University Hospital's Radiumhospitalet, led by Dr. Henrik Jespersen. The primary goal is to evaluate the efficacy of combining LTX-315 with pembrolizumab, a PD-1 inhibitor, to enhance the immune system's ability to recognize and eliminate cancer cells, potentially improving surgical outcomes and reducing the risk of recurrence.

The Phase II, open-label study, involving approximately 27 patients with early-stage melanoma, evaluates LTX-315 administered prior to curative surgery in combination with pembrolizumab. With its dual mode of action, LTX-315 aims to shrink tumors locally while increasing tumor-specific immune cells, potentially reducing risk of cancer recurrence. The study offers a promising 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 first patient was treated in November 2024, with interim results expected in H2 2025.

The potential for LTX-315 in the neoadjuvant setting is significant. Early-stage melanoma represents a much larger patient population than later-stage melanoma, and current treatments, like adjuvant PD-1 inhibitors, often have limited durability. LTX-315's dual action of direct tumor destruction combined with immune system activation could offer a more robust treatment option, potentially improving clinical outcomes and offering an innovative alternative to existing therapies.

ATLAS-IT-05 trial (LTX-315 in combination with pembrolizumab in patients with advanced solid tumors)
The ATLAS-IT-05 trial has validated Lytix's technology, demonstrating that LTX-315 can offer significant therapeutic benefits even for the difficult-to-treat population subject to this study. Interim results on all 20 evaluable melanoma patients from the trial showed a disease control rate of 40%, with tumor stabilization lasting up to 22 months. Two patients have achieved durable responses, showing 96% and 43% tumor shrinkage in non-injected lesions, demonstrating abscopal effect.

The aim of the study was to evaluate the efficacy and safety of the combination of LTX-315 and pembrolizumab (Keytruda®) in patients with metastatic melanoma who have previously failed treatment with PD-1/PD-L1 inhibitors and several other lines of treatment. These patients represent a particularly challenging group for successful therapy, experiencing rapid disease progression with generally few treatment options remaining.

The study highlights the ability of LTX-315 to provide both local and systemic anti-tumor effects, even in patients with heavily pre-treated, high-risk cancer. The results support the broader potential of Lytix's platform technology and the promise of LTX-315 as a viable treatment option.

ClinicalTrials.gov Identifier: NCT04796194

LTX-401
In addition to advancing LTX-315 towards commercialization, Lytix is progressing with its next-generation molecule, LTX-401, which is set to enter clinical trials in 2026. While LTX-315 targets superficial cancer types, LTX-401 aims to also target deep seated tumors, expanding Lytix's scope of potential treatments.

In December 2023, Lytix filed a PCT application for an improved LTX-401 formulation, which was published on June 27, 2024. This new formulation not only strengthens intellectual property protection but also demonstrates enhanced therapeutic efficacy Preclinical results from two challenging cancer models, K7 osteosarcoma and B16F1 melanoma, showed superior anti-cancer effects compared to the original version of LTX-401.

In December 2024, Lytix met with European regulatory authorities to discuss the development of LTX-401, including its new formulation and the proposed clinical study design. The feedback received on key aspects of study preparation, including manufacturing, dosing, and safety assessments, ensure alignment with regulatory expectations and marks an important step toward advancing LTX-401 to its first clinical trials.

Intellectual property (IP) rights
Lytix Biopharma has strengthened its intellectual property with a new U.S. patent covering the use of LTX-315 with PD-1 checkpoint inhibitors, extending its patent protection in the U.S. LTX-315 is currently being tested in two Phase II trials: the NeoLIPA study for earlier-stage melanoma at Oslo University Hospital and the ATLAS-IT-05 study for late-stage melanoma patients who failed previous treatments. Securing this patent is an important step in supporting Lytix's long-term growth and expanding its global reach. Additionally, the PCT application for an improved formulation of LTX-401 published in August 2024, further strengthening Lytix's intellectual property portfolio. The milestone reinforces the company`s commitment to innovation and paves the way for advancing LTX-401 into clinical development.

Business
In March 2024, Lytix published a peer-reviewed paper in Frontiers in Immunology detailing how LTX-315 mediates anti-tumor activity through multiple mechanisms, including activation of dendritic cells - key players in the priming of tumor-specific T cells. The study, conducted in collaboration with leading U.S. research institutions, highlights LTX-315's dual mode of action: inducing immunogenic cancer cell death and activating antigen-presenting cells. These findings provide further scientific validation of LTX-315's potential as a powerful immunotherapeutic agent.

During 2024, Lytix successfully raised a total of NOK 161 million through two funding rounds, securing a healthy balance sheet with sufficient liquidity to extend the company's runway into 2026. In April, Lytix raised NOK 50 million, and in December the company raised an additional NOK 111 million through a private placement and a PrimaryBid offering, with over 200 retail investors across Norway, Denmark, and Finland participating. These successful capital raises reflect strong confidence in Lytix's innovative technology and growth potential, supporting the company's progress toward key milestones and advancing its clinical development.

Financial review

Accounting policies
The financial statements of Lytix Biopharma AS (Lytix Biopharma or the Company) is prepared in accordance with IFRS® Accounting Standards as endorsed by the European Union (EU) (IFRS Accounting Standards) and Norwegian authorities and effective as of 31 December 2024.

Profit and loss
Revenue for 2024 totaled NOK 11.1 million, up from NOK 4.0 million in 2023, primarily driven by the production and sale of API (LTX-315) to the Company's licensee, Verrica Pharmaceuticals, along with related services.

Personnel expenses totaled NOK 22.6 million in 2024, down from NOK 24.3 million in 2023. The reduction reflects cost-saving initiatives implemented at the end of 2023, including a reduction in headcount, aimed at extending the Company's cash runway.

Depreciation and amortization expenses totaled NOK 0.9 million in 2024, reflecting a similar and linear amount of depreciation on leased assets as in 2023.

Direct R&D expenses amounted to NOK 72.6 million in 2024 compared to NOK 63.2 million in 2023. The increase is primarily due to the continued progress of the ATLAS-IT-05 study, with all patients enrolled and responding patients having completed treatment. By year-end, most patients had exited the study, with a few remaining in follow-up. The last patient is expected to complete the study by mid-2025. As most study related costs have now been recognized, Lytix anticipates a decline in associated R&D expenses going forward.

Other operating expenses decreased to NOK 11.0 million in 2024, down from NOK 12.3 million in 2023.

The loss from operations was slightly lower at NOK 96.0 million, compared to NOK 96.8 million in 2023.

Cash flow
Cash flow from operating activities amounted to a negative NOK 70.4 million in 2024, compared to the negative NOK 95.7 million in 2023.

Cash flow from investing activities totaled NOK 24.7 million in 2024, lower than the NOK 29.7 million reported in 2023.

As a result of successful capital raises throughout the year, cash flow from financing activities amounted to NOK 149.1 million in 2024. Transaction costs totaled NOK 3 million for the Q2 2024 capital increase and NOK 8.3 million for the December 2024 private placement.

Statement of financial position / balance sheet
Cash and cash equivalents as of December 31, 2024, totaled NOK 130.8 million, up from NOK 27.4 million at the end of 2023.

Total assets increased to NOK 146.5 million by December 31, 2024, compared to NOK 63.9 million at the end of 2023.

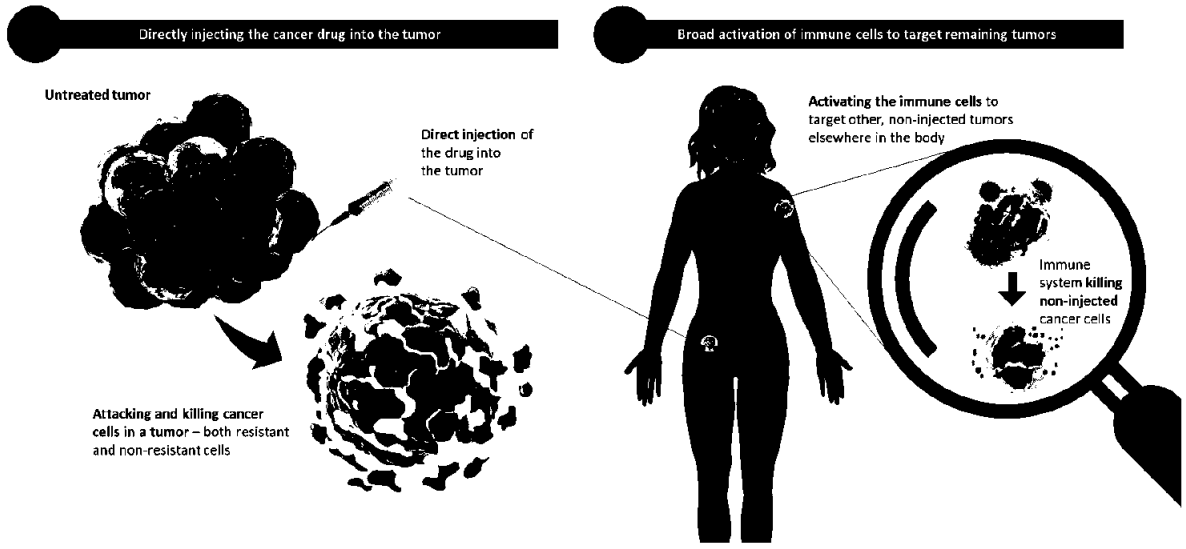
Equity at the end of 2024 amounted to NOK 107.9 million, up from NOK 51.3 million at the end of 2023, corresponding to an equity ratio of 73.6%, down from 80.3% in 2023.

Total liabilities increased to NOK 38.6 million by December 31, 2024, compared to NOK 12.6 million at the end of 2023.

Allocation of the 2024 result
The Company reported a loss of NOK 94.3 million in 2024. The Board of Directors has proposed that the loss be transferred from the Share Premium Reserve.

Platform technology

Lytix platform technology is based on extensive preclinical and clinical research, originating from UiT, The Arctic University of Norway. The company has generated several highly active oncolytic molecules derived from naturally occurring host defense peptides. Lytix' approach activates the patient's immune system to fight cancer in a unique way.



Lytix's molecules work by both directly killing cancer cells and activating the immune system. When these molecules are injected straight into tumors, they trigger the release of tumor neoantigens and immune-activating molecules, stimulating the patient's own T cells to target and destroy cancer cells throughout the body. This approach has shown the potential to generate a systemic and lasting anti-tumor immune response.

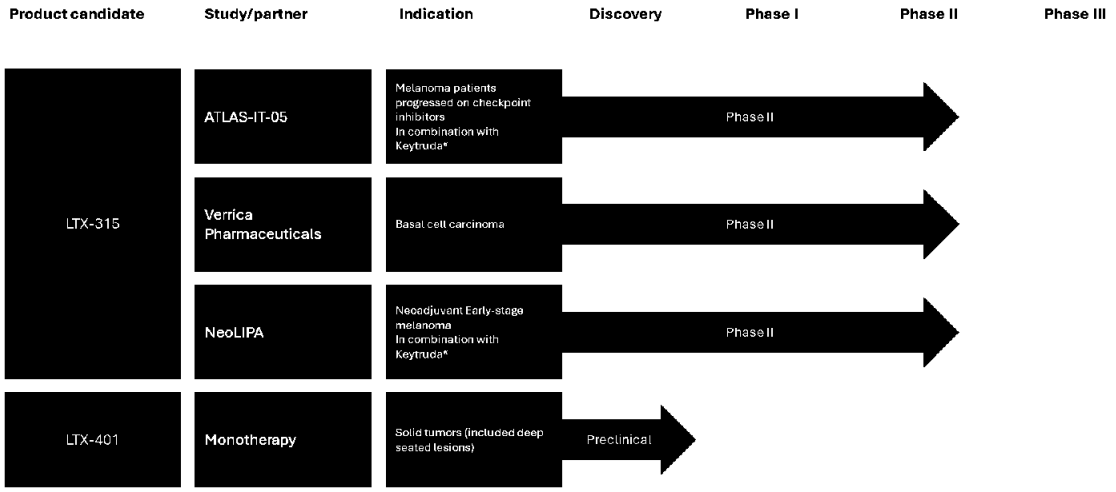
Additionally, Lytix's oncolytic molecules are ideal for combination with other immune therapies, addressing the challenge of insufficient immune cells in tumors, a major hurdle for the effectiveness of current treatments. As oncology remains the largest pharmaceutical market by revenue and demand for immune-based cancer therapies continues to grow, Lytix is well-positioned to play a key role in advancing cancer treatment and addressing significant unmet medical needs with its novel approach.

Clinical development and pipeline

Lytix Biopharma's oncolytic technology platform, which has already delivered LTX-315 and LTX-401, offers a range of treatment opportunities across various cancer types. The platform is advancing these molecules as monotherapies, in combination with checkpoint inhibitors, and as adjuncts to cell therapy, with further developments to be shared as they progress.

Lytix's lead product, LTX-315, is tested in three Phase II trials (one completed and two ongoing) as a monotherapy and in combination with pembrolizumab.

LTX-401, a second-generation small molecule drug designed for deep-seated tumors like liver cancer, is in clinical trial preparation for a targeted launch in 2026. Its improved formulation shows enhanced anticancer efficacy in preclinical models and strong potential for intellectual property protection



Product candidates

LTX-315
LTX-315 is an oncolytic molecule designed for direct tumor injection. It works by killing cancer cells and stimulating the immune system to boost the anti-tumor response. Preclinical studies show it can inhibit tumor growth, induce regression, and provide lasting immune protection.

In the Phase II study in BCC, complete eradication of treated lesion was obtained in more than half of the patient treated with LTX-315.

A key benefit of LTX-315 is its ability to promote T-cell infiltration into tumors. This process helps target and destroy cancer cells. Clinical studies demonstrate its ability to treat tumors locally while triggering a broader immune response throughout the body, with an acceptable safety profile, even when combined with checkpoint inhibitors.

Throughout different clinical studiesLTX-315 has proven to be effective when facilitating T-cell infiltration. In our Phase I/II studies including the ATLAS-IT-05 study, distant tumors were significantly reduced in size due to systemic T cell activation. These studies emphasize LTX-315's ability to activate the immune system and target cancer cells at different stages of treatment.

LTX-401
LTX-401 is Lytix's next-generation oncolytic molecule, designed to target deep-seated tumors. Like LTX-315, it works by directly destroying cancer cells while triggering an immune response to provide long-term protection. Preclinical studies have shown that LTX-401 can trigger tumor regression while boosting immune activation. Additionally, the drug has demonstrated an increased efficacy when combined with checkpoint inhibitors.

LTX-401's improved formulation enhances its therapeutic potential and intellectual property protection. Following positive feedback from European regulatory authorities in December on key aspects such as manufacturing, dosing, and safety, LTX-401 is progressing toward its first clinical study, marking a significant step in expanding Lytix's immunotherapy pipeline.

Partnerships

Verrica Pharmaceuticals Inc.
Lytix has a global license agreement with Nasdaq-listed Verrica Pharmaceuticals, granting Verrica exclusive rights to develop and commercialize LTX-315 for dermatological cancers, while Lytix retains rights for its use in metastatic melanoma and metastatic Merkel cell carcinoma.

Under the agreement, Verrica is responsible for drug product manufacturing, while Lytix maintains control over the active pharmaceutical ingredient (API). Lytix has received upfront and milestone payments totaling USD 3.5 million and is eligible for up to USD 110 million in future clinical, regulatory, and sales milestones, along with tiered royalties on global sales.

Verrica is advancing LTX-315 through clinical development. Positive Phase II results have clearly demonstrated its potential as a non-invasive alternative to surgery. This partnership marks a significant milestone for Lytix Biopharma, strengthening its position among the few Norwegian oncology companies to successfully validate a product candidate's efficacy and establish a clear path to market.

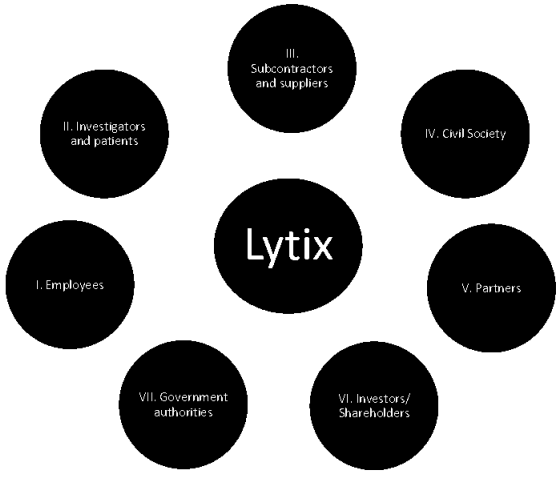
Environment, social and corporate governance (ESG)

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

This report covers sustainability topics that are of importance to Lytix and the company's stakeholders.

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

Lytix' stakeholders



I. **Employees** Lytix' employees are directly affected by the company's internal policies and activities, and directly affect the company through their performance and actions. We are proud of our employees who are at the core of our services and who shape our values-based culture. We are committed to providing a workplace where our people's health and safety is of paramount importance.
II. **Investigators/Patients** Lytix' customers consist of oncologists, hospitals, clinics and the cancer patients they treat. Customers are directly affected by the quality and safety of Lytix' products, and we are committed to conducting our business in a way that best protects them. We aim to be a trusted partner through providing tailored information to all healthcare professionals and their patients, with compassion for each and every one of them.

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

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

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

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

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

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

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

Lytix' materiality assessment

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

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

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

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

Environment

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

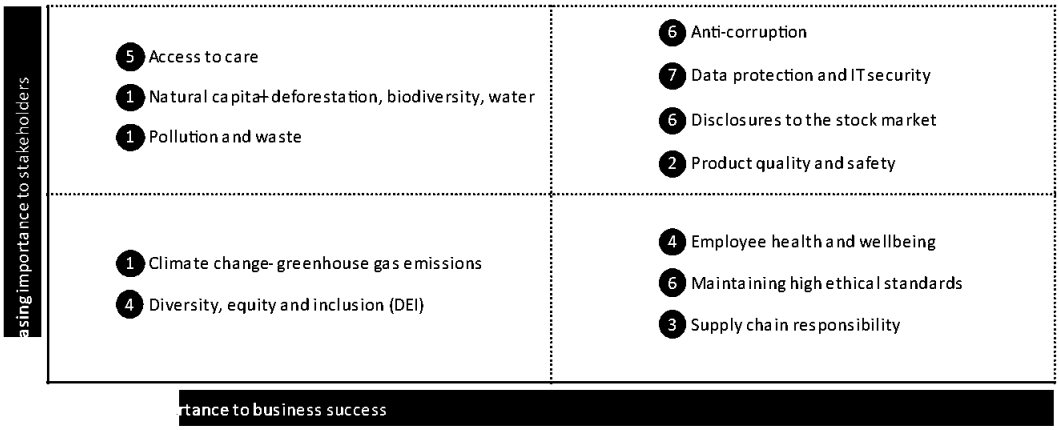
Social

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

Governance

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

Materiality matrix



ENVIRONMENT

Environment and climate impact

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

SOCIAL

Product quality and safety

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

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

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

All medicinal products are produced in accordance with Good Manufacturing Practices (GMPs). Lytix does not have its own production facilities and therefore uses third parties for production. All third-party production facilities used

by Lytix are subject to periodic audits, verifying the existence of the necessary regulatory authorizations required and ascertaining that all manufacturing and control activities are conducted in compliance with the highest quality standards.

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

Benefit to society – access to care

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

Health, safety and wellbeing

The health, safety and wellbeing of our employees is of great importance for Lytix, and we strive to promote a culture that supports a sustainable work-life balance. During 2024, the company had 11 (2023: 15) employees (constituting 7.7 man-years (2023: 12.5)) including contracted personnel. The Board considers that the working environment in the company is good, and no special measures have been implemented in this regard. The employees have not suffered any accidents or injuries in connection with their work. Absence due to illness was all short term and less than 1.3%, which is a slight increase from the previous year.

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

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

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

Diversity, equity, and inclusion (DEI)

Lytix aims to be a workplace providing equal opportunities for all. We consider employee diversity to be a competitive advantage, and in order to attract and retain the best talent, we do our outmost to ensure fair and equal employment practices.

The company has traditionally recruited from environments where women and men are relatively equally represented. In terms of gender balance within the company, women constitute 50% of the Board members and 20% of the senior management team. The company promotes a productive working environment, have zero tolerance for disrespectful behavior, and is an equal opportunity employer. Discrimination in hiring, compensation, training, promotion, termination, or retirement based on ethnic and national origin, religion, sex, or other distinguishing characteristics is not acceptable.

Whistleblowing

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

GOVERNANCE

Corporate governance

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

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

Anti-corruption

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

Supply chain responsibility

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

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

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

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

Data protection and IT security

The EU personal data protection framework as laid out in Directive (EU) 2016/680 and Regulation (EU) 2016/679 came into force in 2018. As a biotech company within the healthcare space, Lytix and/or our subcontractors and suppliers may need to store personal data as part of the business. Our GDPR compliance policy, was created to ensure that Lytix process and safeguard personal data in line with the Regulation ("the GDPR"). It describes how we plan to stay compliant on an ongoing basis, with policies and procedures for particularly relevant areas of our

business. Lytix has contracted a Data Protective Officer (DPO) as set out in Articles 37 to 39 of the EU Data Protection Regulation (GDPR) to oversee and to be transparent on how personal data is processed, the privacy notice appears on Lytix' homepage. Privacy statements are also included in the e-mail signature for all employees. Data Processing Agreements are established between Lytix as data controller and any data processor as required.

Lytix has outsourced the IT infrastructure and support to an external vendor. The IT solution is cloud-based with firewall and virus protection provided by the vendor. A feature in Outlook enables employees to report suspicious e-mails easily. Local secure access to the exchange is via password protected log-on. The information security platform is based on international standards ISAE3402 and ISEA3000 which is audited annually by PwC. All employees are responsible for storing documents securely and locking their computer when unauthorized people can have access.

ESG going forward

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

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

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

The types and location of the business

Lytix Biopharma, a clinical-stage biotech company based in Oslo, Norway, develops novel cancer immunotherapies based on world-leading research in host-defense peptide-derived molecules. Its lead product, LTX-315, is a first-in-class oncolytic molecule designed to enhance anti-cancer immunity. Lytix's pipeline includes different molecules for various cancer types and treatment settings, both as mono- and combination therapies.

The company was listed on Euronext Growth Oslo in June 2021 after a private placement backed by prominent investors, including PBM Capital, a U.S. based healthcare-focused investment firm.

Personnel and organization

Øystein Rekdal, PhD
Chief Executive Officer

Dr. Rekdal, Co-founder and former CEO of Lytix Biopharma, is an expert in tumor immunology and anticancer peptides. His work formed the foundation of the company's peptide platform, and he regularly speaks at global oncology conferences

Gjest Breistein, MSc
Chief Financial Officer

Breistein extensive experience in auditing and consulting. Before Lytix, he advised companies at PwC on capital markets. He holds Master's degrees from Copenhagen Business School and BI Norwegian School of Management

Baldur Sveinbjørnsson, PhD
Chief Scientist Officer

Dr. Sveinbjørnsson, PhD, specializes in immunomodulation of tumors. With experience from the University of Tromsø and Karolinska Institutet, he has led Lytix Biopharma's research since its start, most recently as Chief Scientific Officer

Mette Husbyn, PhD
Chief Technology Officer

Dr. Mette Husbyn has 16+ years of experience in CMC, including roles at GE Healthcare and as Head of CMC at Lytix Biopharma. She later served as Head of CMC and CTO at Nykode Therapeutics. Dr. Husbyn holds a PhD in peptide chemistry from the University of Oslo

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

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

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

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

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

The company has no interest-bearing debt. Bank deposits are exposed to market fluctuations in interest rates, which affects financial income. Lytix is on a regular basis transacting in various currencies other than the functional currency (NOK). This implies that the company is exposed to currency fluctuations. Transactions related to the ATLAS-IT-05 study are mainly denominated in USD, and Lytix has consequently placed a part of its cash position in

USD to hedge part of the foreign currency risk. The credit risk is limited as revenues are minimal exclusive of public grants and sales of drug supply to partners.

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

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

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

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

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

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

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

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

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

The latest capital increase successfully completed in December 2024 with gross proceeds of NOK 111 million ensures that Lytix has available financial resources sufficient for planned activities well into 2026.

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

Post-balance sheet events
On 15 January 2025, a share capital increase related to the issuance of 102,568 new shares was registered with the Norwegian Register of Business Enterprises. The shares were issued as part of the fee settlement to underwriters in connection with a private placement completed in December 2024. Following the registration, the Company's new share capital is NOK 6,826,200.20, divided into 68,262,002 shares, each with a nominal value of NOK 0.10.

Share information
As of December 31, 2024, there were 68,159,434 ordinary shares outstanding. The company has one class of shares, and all shares carry equal voting rights.

The company had more than 1,370 shareholders on December 31, 2024.

Board of directors of Lytix Biopharma
The Board of Directors at Lytix Biopharma is composed of:

- Marie Roskrow – Chair
- Brynjar Forbergskog – Member
- Evelina Vågesjö - Member
- Jayson Rieger – Member
- Kjetil Hestdal – Member
- Marie-Louise Fjällskog - Member

All board members are independent of the Company's executive personnel and material business at year-end. Brynjar Forbergskog controls a significant number of shares in the company through Hifo Invest AS and Saturn Invest AS. Jayson Rieger serves as Managing Partner in PBM Capital, a US healthcare-focused investment firm. In November 2024, Jayson Rieger was appointed President and Chief Executive Officer of Verrica Pharmaceuticals. PBM Capital has invested in Lytix through the affiliate company PBM LYT Holdings, LLC.

The Board of Directors held 14 board meetings during the fiscal year 2024.

Outlook
Lytix Biopharma is entering a pivotal phase, with its innovative immuno-oncology technology progressing toward late-stage development and potential commercialization. The Company's strong clinical results and strategic partnership reinforce its position as a de-risked biotech with a clear path to market.

Following the exceptional results from Verrica's Phase II study in basal cell carcinoma (BCC), which demonstrated a 97% calculated objective response rate, Verrica are preparing for discussions with the FDA in the first half of 2025. These discussions will guide the next steps toward a pivotal Phase III trial – the final stage before potential regulatory approval. A successful outcome could position LTX-315 as a first-line non-surgical treatment for BCC, a significant commercial opportunity in dermatologic oncology.

Beyond BCC, Lytix continues to expand its clinical pipeline with promising potential across multiple indications. The ongoing NeoLIPA Phase II study in early-stage melanoma represents an exciting opportunity, as this patient group

typically has a stronger immune system, potentially leading to better treatment responses. The first patient was treated in November 2024, and interim results expected in Q3 2025 will provide further insights into LTX-315's potential in earlier-stage cancers. Meanwhile, the ATLAS-IT-05 study in late-stage melanoma has continued to show encouraging disease control rates, and the Company is advancing preparations for the clinical launch of LTX-401 in 2026 with an optimized formulation.

Lytix enters 2025 with a strengthened financial position, following a successful NOK 111 million capital raise in December. These funds provide the necessary financial flexibility to execute on key milestones and support the continued progress of its clinical programs. The Company remains actively engaged in discussions with potential partners, as intra-tumoral immunotherapy remains a highly attractive field for mid- and large-sized pharmaceutical companies.

With a potential Phase III trial approaching, multiple clinical milestones ahead, and a solid financial foundation, Lytix is positioned for significant progress in the year ahead. The Company remains committed to advancing its mission of harnessing the immune system to improve cancer treatment, ultimately creating significant value for patients, partners, and shareholders.

Oslo, April 9, 2025

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*	**2024**	2023
Revenue	*1,2*	11,134	3,991
Other operating income		-	-
Total operating income		**11,134**	**3,991**
Payroll and related expenses	*3,4,5*	(22,590)	(24,344)
Depreciation and amortization expenses	*6,7*	(915)	(962)
Direct R&D expenses	*3*	(72,565)	(63,167)
Other expenses	*3,8,9*	(10,960)	(12,303)
Total operating expenses		**(107,029)**	**(100,776)**
Loss from operations		**(95,896)**	**(96,785)**
Financial income	*10*	2,184	8,945
Financial expenses	*7,10*	(553)	(58)
Net financial items		**1,631**	**8,887**
Loss before tax		**(94,265)**	**(87,897)**
Tax expense	*11*	-	-
Loss for the period		**(94,265)**	**(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 income (loss) for the period		**(94,265)**	**(87,897)**
Earnings (loss) per share			
Basic and diluted earnings (loss) per share	*12*	(1.74)	(2.19)

STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousands	*Notes*	**31.12.2024**	31.12.2023
Assets			
Non-current assets			
Property, plant and equipment	*6*	42	110
Right-of-use assets	*7*	2,589	438
Total non-current assets		**2,631**	**548**
Current assets			
Other receivables	*14*	13,113	12,777
Short-term financial investments	*15,16*	-	23,183
Cash and cash equivalents	*16,17*	130,791	27,365
Total current assets		**143,904**	**63,326**
Total assets		**146,535**	**63,874**
Shareholder's equity and liabilities			
Issued capital and reserves			
Share capital	*18*	6,816	4,007
Share premium reserve	*18*	101,078	47,312
Total equity		**107,894**	**51,319**
Liabilities			
Non-current liabilities			
Lease liabilities	*7,16*	1,878	41
Total non-current liabilities		**1,878**	**41**
Current liabilities			
Trade payables	*16,19*	5,015	3,572
Other current liabilities	*19*	30,987	8,492
Lease liabilities	*7,16,19*	762	451
Total current liabilities		**36,764**	**12,514**
Total liabilities		**38,641**	**12,555**
Total equity and liabilities		**146,535**	**63,874**

STATEMENT OF CASH FLOWS

Amounts in NOK thousands	*Notes*	**2024**	2023
Cash flows from operating activities			
Profit (loss) before income tax		(94,265)	(87,897)
Adjustments for:			
Depreciation of property, plant and equipment	*6*	68	62
Depreciation of right-of-use assets	*7*	847	900
Interest income/(expense), net	*10*	(1,503)	(2,348)
Share-based payment expense	*4,5*	878	4,183
Increased/decreased in trade and other receivables	*14*	(336)	(6,042)
Increased/decreased in trade and other payables	*16,19*	23,938	(4,828)
Cash generated from operations		**(70,372)**	**(95,969)**
Income tax paid	*11*		-
Net cash flows from operations		**(70,372)**	**(95,969)**
Investing activities			
Investment in tangible assets	*6*	-	(49)
Interests received	*10*	1,510	2,351
Investment in other short-term investments	*15*	23,183	27,423
Net cash from/(used in) financing activities		**24,693**	**29,725**
Financing activities			
Interests paid	*10*	(7)	(3)
Proceeds from share issue	*18*	161,295	-
Transaction cost	*18*	(11,333)	-
Payment of principal portion of lease liabilities	*7*	(849)	(940)
Net cash from/(used in) financing activities		**149,105**	**(943)**
Net increase in cash and cash equivalents		103,426	(67,187)
Cash and cash equivalents at the beginning of the period		27,365	94,552
Cash and cash equivalents at the end of the period		**130,791**	**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 December 31, 2023	**4,007**	**47,312**	**-**	**51,319**
Balance as at January 1, 2024	**4,007**	**47,312**	**-**	**51,319**
Loss for the period	-	-	(94,265)	(94,265)
Net other comprehensive income/(loss)	-	-	-	-
Other comprehensive income/(loss) for the period	-	**-**	**(94,265)**	**(94,265)**
Capital increase 13.05.2024	954	49,046		**50,000**
Capital increase December	1,855	109,440		**111,295**
Transaction cost	-	(3,011)		**(3,011)**
Transaction December	-	(8,322)		**(8,322)**
Share based payment	-	878		**878**
Reclassification of accumulated losses	-	(94,265)	94,265	**-**
Total contribution by and distributions to owners	**2,809**	**(53,765)**	**94,265**	**150,840**
Balance as at December 31, 2024	**6,816**	**101,078**	**-**	**107,894**

Oslo, April 9, 2025

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		

Notes to the financial statements

REPORTING ENTITY

Lytix Biopharma AS is a Phase II clinical stage drug development company with more than 20 years of preclinical and clinical research. The company's shares are listed on Euronext Growth.

Lytix has, in collaboration with world leading cancer research centers, developed a proprietary in situ vaccination technology platform providing a new class of drug candidates for the treatment of cancer. The treatment is aiming for activating the patient's own immune system to fight the cancer.

The address of the registered office is Sandakerveien 138, 0484 Oslo, Norway

BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The financial statements of Lytix Biopharma AS (Lytix Biopharma or the Company) is prepared in accordance with IFRS Accounting Standards as endorsed by the European Union (EU) (IFRS Accounting Standards) and Norwegian authorities and effective as of 31 December 2024. Lytix Biopharma also provides the additional disclosures as specified under the Norwegian Accounting Act (Regnskapsloven).

The financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. Preparation of financial statements including note disclosures requires management to make estimates and assumptions that affect amounts reported. Actual results may differ.

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

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with the recognition- and measurement criteria in accordance with the IFRS Accounting Standards 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, and are the following:

- Share-based payments (see note 5)

REVENUE FROM CONTRACTS WITH CUSTOMERS

Lytix ordinary activities mainly consist in the research and development activities leading patented intellectual property that can be licensed to third parties, and also to sell the Active Pharmaceutical Ingredient (API) to its licensing partners. The Company has applied the five-step model to account for revenue arising from contracts with customers. The Company currently has revenue agreements with only one customer.

The Company's main revenue streams are as follows:

- Licensing its drug candidate LTX-315 to Verrica Pharmaceuticals Inc, where the performance obligation was to grant exclusive rights for certain field of application of LTX-315, which was satisfied at the point in time the license such rights were granted at. Revenue is recognized for the transaction price which during the development stage of a product containing LTX-315, consists of variable payments based on milestones reached. Variable consideration is considered to be constrained because it is highly dependent on factors outside the control of the Company. Therefore, the Company will only recognize revenue when relevant milestones have been reached by the Verrica, which is the point when uncertainty about a milestone payment is resolved, and therefore it is highly certain no reversal of the revenue will occur. The Company is also entitled to royalty revenue during the commercialization phase of a product containing LTX-315, which will be recognized the subsequent sale occurs.
- Sale of API to Verrica, recognized as revenue when the transfer of control over the goods is transferred to the customer, which typically is based on the incoterms and right to payment for the goods.

Management have assessed the sale of API and the licensing agreement to be distinct and separately identifiable products.

FOREIGN CURRENCY

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

STATEMENTS OF COMPREHENSIVE INCOME

Lytix Biopharma has elected to present the result for the period and other comprehensive income in one statement of comprehensive income. Further, Lytix Biopharma presents an analysis of expenses based on their nature as a common analysis of expenses through Lytix Biopharma's value chain. Lytix Biopharma has elected to present a sub-total "Loss from operations".

CLASSIFICATION AND ASSESSMENT OF BALANCE SHEET ITEMS

Items in the statement of financial position are classified as current when they are expected to be realized or settled within 12 months after the reporting date.

STATEMENTS OF CASH FLOWS

Lytix Biopharma uses the indirect method to present cash flows from operating activities. Interest received is included in cash flow from investing activities. Proceeds from owners and principal payment of lease liabilities are included in cash flows from financing activities.

CASH AND CASH EQUIVALENTS

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents include cash, bank deposits, and other short-term deposits which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from original maturity.

PROPERTY, PLANT AND EQUIPMENT

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

- Office equipment 3 years
- Furniture and fittings 3 years

INTANGIBLE ASSETS

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. Refer to section Research and development for further information. Capitalized development costs are amortized linearly over the asset's expected useful life.

RESEARCH AND DEVELOPMENT

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

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

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

TRADE RECEIVABLES

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

FINANCIAL INSTRUMENTS

Financial instruments are recognized when Lytix becomes a party to the contractual terms of the instrument. Financial assets and liabilities are classified based on the nature and purpose of the instruments.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and thereby subsequently measured at amortized cost, fair value through profit or loss and fair value through other comprehensive income (OCI). Financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. Lytix has classified its investments in short-term financial investments at fair value through profit or loss.

Financial assets at amortized cost

This category is the most relevant to the Company. The Company measures financial assets at amortized cost if both of the following conditions are met: The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is either derecognized, modified or impaired. Lytix's financial assets classified as amortized cost includes trade and other receivables.

Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. The Company also considers forward-looking information to determine whether financial assets should be written down.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Lytix's financial liabilities include accounts and other payables.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Lytix only has financial liabilities measured at amortized cost.

SHARE CAPITAL

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

DEFINED CONTRIBUTION PLAN

With a defined contribution plan the Company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognized as payroll expenses.

OTHER LONG-TERM SERVICE BENEFITS

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

SHARE-BASED PAYMENTS

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

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

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

EARNINGS PER SHARE

Earnings per share are calculated on the basis of the profit or loss for the year after tax but 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.

LEASED ASSETS

In order to determine whether an agreement is a lease agreement or contains a lease element, the substance of the agreement is assessed. Each individual rental component in the contract is recognized as a lease separately from non-lease components in the contract. At the time of commencement of a lease, a lease liability and a corresponding right of use asset are recognized for all leases.

Lytix has chosen the exemption to not capitalize leases with a short duration (lease period of 12 months or less); or whose underlying assets is considered to be of low value when new. For these leases, the lease payments are recognized as other operating expenses in the income statement when they occur. This includes cancellable short-term leases.

See Note 16 for information on right-of-use assets and lease liabilities recognized by the Company.

RIGHT-OF-USE-ASSETS

The company recognizes right-of-use asset at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct cost incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis during the term of the lease.

The company applies IAS 36 Impairments to determine whether the right-of-use asset has been impaired and to recognize any impairment losses.

LEASE LIABILITIES

The lease obligation is classified as an interest-bearing liability in the financial statements. Lease liabilities at the time of commencement are calculated as the present value of future lease payments.

The lease term is the non-terminable term of the lease, in addition to periods covered by an option, either to extend or terminate the lease if it is reasonably certain that the company will exercise the option.

The lease liability is subsequently measured by increasing the carrying amount to reflect the interest rate on the lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any revaluations or changes to the lease, or to reflect adjustments in the lease payments as a result of adjustments in the indices or rates. The liability has been calculated with a discount rate corresponding to the marginal borrowing rate for each class of underlying asset and adjusted for the agreements remaining lease term.

TAX

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

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

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

GOVERNMENT GRANTS

Government grants are recognized when there is reasonable assurance that the conditions attached to the contribution will be achieved. The grant is recognized in the income statement in the same period as the related expense and is presented as a deduction in the related expense.

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

PROVISIONS

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

RELATED PARTY TRANSACTIONS

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

GOING CONCERN

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

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

The latest capital increase successfully completed in December 2024 with gross proceeds of NOK 111 million ensures that Lytix has available financial resources sufficient for planned activities throughout 2025.

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

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Company applied for the first time certain standards and amendments that are effective for annual periods beginning on or after 1 January 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These amendments clarify the criteria for classifying liabilities as current or non-current, with particular focus on the right to defer settlement. The amendments also introduce new disclosure requirements for non-current liabilities arising from loan arrangements.

The amendments had no impact on the Company's financial statements.

Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments require new disclosures relating to supplier finance arrangements, helping users understand the effects on an entity's liabilities, cash flows and liquidity risk.

The amendments had no impact on the Company's financial statements.

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

These amendments clarify the measurement of lease liabilities in sale and leaseback transactions to ensure that the seller-lessee does not recognize gains or losses related to the right of use it retains.

The amendments had no impact on the Company's financial statements.

Lack of Exchangeability – Amendments to IAS 21

The amendments specify how to assess whether a currency is exchangeable and how to determine a spot exchange rate when it is not. They also introduce disclosure requirements to inform users how a lack of exchangeability affects financial performance and position.

The amendments had no impact on the Company's financial statements.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 was issued in 2024 and will be effective for annual reporting periods beginning on or after 1 January 2027 (subject to EU endorsement). The standard introduces new requirements for the structure and presentation of the income statement, including defined subtotals and disclosures of management-defined performance measures. The Company is currently assessing the potential impact of IFRS 18 on its financial reporting.

NOTE 1 REVENUE

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

Amounts in NOK thousands	**2024**	2023
Revenue		
Sale of API LTX-315	10,526	3,991
Other revenue	607	-
Total Revenue	**11,134**	**3,991**

The Company's products remain in the research and development phase, and there is no revenue from product sales. However, Lytix generated revenue from the production and sale of API (LTX-315) to its licensee, Verrica Pharmaceuticals, for use in their clinical trials. In 2024, this activity generated revenue of NOK 10.5 million, compared to NOK 4.0 million in 2023.

Other revenue for the period primarily relates to stability testing of LTX-315 conducted on behalf of Verrica Pharmaceuticals.

NOTE 2 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	**2024**	2023
Geographical distribution		
Norway	-	-
US	11,134	3,991
Total operating income	**11,134**	**3,991**

All non-current assets (other than financial instruments) are located in Norway. The client has had only one client for the 2023 and 2024 reporting periods.

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

NOTE 3 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	**2024**	2023
Government grants		
Tax refund (across all R&D activities)	4,750	4,750
The Norwegian Research Council (BIA grant)	-	-
Oslo Regional Research Fund (RRF)	-	1,500
Total government grants received	**4,750**	**6,250**

Amounts in NOK thousands	**2024**	2023
Costs deducted		
Payroll and related expenses	139	1,067
Direct R&D expenses	4,604	5,156
Other operating expenses	7	27
Total costs deducted	**4,750**	**6,250**

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

NOTE 4 PAYROLL AND RELATED EXPENSES

Amounts in NOK thousands	**2024**	2023
Payroll and related expenses, including directors, comprise		
Salaries and bonus	18,011	16,267
Defined contribution pension cost	1,043	1,262
Share-based payment expense	878	4,183
Social security contributions	2,704	3,015
Other personnel costs	92	683
Government grants	(139)	(1,067)
Total payroll and related expenses	**22,590**	**24,344**

The number of man-years employed during the year:

	2024	2023
Number of man-years employed	6	10

The number comprises only regular employees on payroll.

Defined contribution pension scheme

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

Bonus scheme

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

MANAGEMENT REMUNERATION 2024

Amounts in NOK thousands	Short-term employee benefits	Other benefits[3]	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Board remuneration	Total
Management team:								
Øystein Rekdal, CEO[1]	2,970		134	10	-	507	-	**3,621**
Other key management personnel	4,841	1,636	216	28	-	(318)	-	**6,403**
Total key management personnel compensation	**7,811**	**1,636**	**350**	**38**	**-**	**189**	**-**	**10,024**
Board members (non-executive):								
Marie Roskrow, Chairperson	-	-	-	-	-	82	570	**652**
Marie-Louise Fjällskog, member	-	725	-	-	-	82	380	**1,187**
Brynjar Forbergskog, member	-	-	-	-	-	82	380	**462**
Kjetil Hestdal, member	-	-	-	-	-	82	380	**462**
Jayson Rieger, member	-	-	-	-	-	82	380	**462**
Evelina Vågesjö, member	-	-	-	-	-	82	380	**462**
Total board remuneration	**-**	**725**	**-**	**-**	**-**	**491**	**2,470**	**3,686**

[1)] Management and employees of the company are entitled to an annual bonus based on the achievement of important milestones for the company and for the individual employee. The maximum of such bonus is for the CEO up to 50% of annual base salary. I 2024 no bonus was paid.

[2)] Board remuneration – In accordance with the resolution passed at the 2024 General Meeting, Lytix changed its practice in 2024 from paying board remuneration annually to paying it monthly. As a result, in May 2024, board members received remuneration covering the period from the 2023 General Meeting to the 2024 General Meeting. Thereafter, board members have received monthly remuneration for seven months (June through December).

[3)] Other benefits include remuneration to two members of the management team who are not hired as employees but hired as consultants.

In 2024, board remuneration was paid in accordance with the resolution from the Annual General Meeting. In addition to her role as a board member, Marie-Louise Fjällskog assisted Lytix as a Medical Advisor for a limited period during the year. She received separate compensation for these services, which has also been disclosed under transactions with related parties. No other remuneration has been given for services outside the normal functions as a manager or non-executive director.

MANAGEMENT REMUNERATION 2023

Amounts in NOK thousands	Short-term employee benefits	Other benefits[3]	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Board remuneration	Total
Management team:								
Øystein Rekdal, CEO[1]	3,466	-	127	9	-	1,163	-	**4,765**
Other key management personnel	5,567	5,115	212	27	-	1,663	-	**12,584**
Total key management personnel compensation	**9,033**	**5,115**	**339**	**36**	**-**	**2,827**	**-**	**17,350**
Board members (non-executive):								
Gert W. Munthe, Chairperson[2)]	-	-	-	-	-	-	360	**360**
Marie Roskrow, Chairperson[2)]	-	-	-	-	-	91	-	**91**
Marie-Louise Fjällskog, member	-	-	-	-	-	91	240	**331**
Brynjar Forbergskog, member	-	-	-	-	-	91	240	**331**
Kjetil Hestdal, member	-	-	-	-	-	91	240	**331**
Jayson Rieger, member	-	-	-	-	-	91	240	**331**
Evelina Vågesjö, member	-	-	-	-	-	91	240	**331**
Total board remuneration	**-**	**-**	**-**	**-**	**-**	**544**	**1,560**	**2,104**

[1)] Salary in this table include both fixed salary and bonus. Øystein Rekdal's fixed salary is NOK 3.26 million. Management and employees of the company are entitled to an annual bonus based on the achievement of important milestones for the company and for the individual employee. The maximum of such bonus is for the CEO up to 50% of annual base salary.

[2)] At the Annual General Meeting in April 2023, Marie Roskrow was appointed as new Chairperson.

[3)] Other benefits include remuneration to two members of the management team who are not hired as employees but hired as consultants.

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

In 2023, board remuneration was paid in accordance with the resolution from the Annual General Meeting. No additional remuneration has been given for services outside the normal functions as a manager or non-executive director.

Benefits upon termination

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

Shares controlled by the management team and board members

Amounts in NOK thousands	2024	2023
Shares controlled by the management team and board members		
Management team:		
Øystein Rekdal, CEO	166,179	139,963
Gjest Breistein, CFO	37,778	11,112
Baldur Sveinbjørnsson, CSO	16,613	4,280
Gry Stensrud, CTO	5,000	5,000
Board members (non-executive):		
Evelina Vågesjö	4,247	-
Kjetil Hestdal	13,500	-
Brynjar Forbergskog (through Hifo Invest AS and Saturn Invest AS)	5,804,492	1,111,110
No. of shares controlled by the management team and board members	**6,047,809**	**1,271,465**

As of December 31, 2024, the Company operates one equity-settled share-based remuneration scheme for employees, management, the Board and other key personnel. See note 5.

Options held by the management team and board members

2024	Opening balance	Granted	Lapsed/ Forfeited	Ending balance
Options held by the management team and board members				
Marie Roskrow, Chair	60,000	-	-	60,000
Marie-Louise Fjällskog, member	60,000	-	-	60,000
Brynjar Forbergskog, member	60,000	-	-	60,000
Kjetil Hestdal, member	60,000	-	-	60,000
Jayson Rieger, member	60,000	-	-	60,000
Evelina Vågesjö, member	60,000	-	-	60,000
No. of options owned by board members	**360,000**	**-**	-	**360,000**
Øystein Rekdal, CEO	1,403,516	-	-	1,403,516
Baldur Sveinbjørnsson, CSO	493,407	-	-	493,407
Gjest Breistein, CFO	329,271	-	-	329,271
Gry Stensrud, CTO	263,703	-	(263,703)	-
Stephen Worsley, CBO	300,000	-	(300,000)	-
Graeme Currie, CDO	50,000	-	(50,000)	-
No. of options owned by the management	**2,839,897**	**-**	**(613,703)**	**2,226,194**

2023	Opening balance	Granted	Lapsed/ Forfeited	Ending balance
Options held by the management team and board members				
Gert W. Munthe, former Chair	300,000			300,000
Marie Roskrow, Chair	-	60,000	-	60,000
Marie-Louise Fjällskog, member	-	60,000	-	60,000
Brynjar Forbergskog, member	-	60,000	-	60,000
Kjetil Hestdal, member	-	60,000	-	60,000
Jayson Rieger, member	-	60,000	-	60,000
Evelina Vågesjö, member	-	60,000	-	60,000
No. of options owned by board members	**300,000**	**360,000**	-	**660,000**
Øystein Rekdal, CEO	1,403,516	-	-	1,403,516
Baldur Sveinbjørnsson, CSO	493,407	-	-	493,407
Gjest Breistein, CFO	329,271	-	-	329,271
Gry Stensrud, CTO	263,703	-	-	263,703
Stephen Worsley, CBO	300,000	-	-	300,000
Graeme Currie, CDO	50,000			50,000
No. of options owned by the management	**2,839,897**	**-**	**-**	**2,839,897**

NOTE 5 SHARE OPTION PROGRAMS

Lytix Biopharma AS has established share-based incentive programs for the Company's management, employees, and consultants, under which services are received in exchange for equity instruments. The incentive programs consist of share options.

As of 31 December 2024, the Company has the following active share-based incentive programs: E, Chairperson, Strategic Advisors (1), and Strategic Advisors (2).

	Program E	Chairperson	Strategic advisors (1)	Strategic advisors (2)	Sum
No of options in program	**6,815,943**	**600,000**	**467,220**	**125,119**	**8,008,282**
No of options allocated to employees, management, chairpersons, and advisors	2,972,898	600,000	467,220	125,119	4,165,237
Remaining options (can be allocated to individuals)	***3,843,045***	***0***	***0***	***0***	***3,843,045***

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

Incentive Program E is a long-term share option program for employees, management, board members, and other key personnel. Options are granted without consideration and entitle the holder to subscribe for one share in the Company per option. The Board determines the exercise price, terms, and allocation of options. Vesting is subject to continued eligibility in the Company's long-term incentive scheme, and all options expire five years after the grant date.

During 2024, four individuals resigned, resulting in the lapse of a total of 713,703 options with an average exercise price of NOK 9.37.

As of December 31, 2024, a total of 2,972,898 share options (2023: 3,686,601) were outstanding under Program E, of which 711,593 (2023: 1,305,333) were still subject to vesting.

Incentive Program – Chairman

The Chairman program includes 600,000 share options granted to current and former chairmen of the Board. All options are granted without consideration and expire on 1 May 2025. As of 31 December 2024, 600,000 options remain outstanding, and none are subject to vesting.

Incentive Program – Strategic advisors (1)

This program consists of 467,220 share options granted to selected strategic advisors. The options are subject to quarterly vesting over two years and expire on 6 June 2025. As of year-end 2024, all options are fully vested.

Incentive Program – Strategic advisors (2)

This program includes 125,119 share options granted to strategic advisors. The options are subject to quarterly vesting over two years and expire on 6 June 2025. The exercise price is NOK 18. As of year-end 2024, all options are fully vested.

General Terms

Participants must meet certain conditions during the vesting period and until full exercise of the options, including:

- Not engaging in any competing business without prior written consent from the Company.
- Not engaging in activities related to the Company's customers, partners, or employees unless approved or clearly part of their role.

	Program E		**Chairman**		**Strategic advisors (1)**	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding as of January 1, 2023	**10.70**	**3,226,601**	**12.0**	**600,000**	**12.0**	**467,220**
Granted during the period	7.42	460,000				
Forfeited during the period						
Exercised during the period						
Lapsed during the period						
Outstanding as of December 31, 2023	**10.29**	**3,686,601**	**12.0**	**600,000**	**12.0**	**467,220**
Outstanding options vested by December 31, 2023		2,381,268		600,000		467,220

	Program E		**Chairman**		**Strategic advisors (1)**	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding as of January 1, 2024	**10.29**	**3,686,601**	**12.0**	**600,000**	**12.0**	**467,220**
Granted during the period		-				
Forfeited during the period		-				
Exercised during the period		-				
Lapsed during the period	9.37	713,703				
Outstanding as of December 31, 2024	**10.51**	**2,972,898**	**12.0**	**600,000**	**12.0**	**467,220**
Outstanding options vested by December 31, 2024		2,261,305		600,000		467,220

	Strategic advisors (2)	
	Weighted average exercise price	Number of options
Outstanding on January 1, 2023	18.0	125,119
Granted during the period		
Forfeited during the period*		
Exercised during the period		
Lapsed during the period		
Outstanding at December 31, 2023	**18.0**	**125,119**
Outstanding options vested by December 31, 2023		125,119
Outstanding on January 1, 2024	18.0	125,119
Granted during the period		
Forfeited during the period*		
Exercised during the period		
Lapsed during the period		
Outstanding at December 31, 2024	**18.0**	**125,119**
Outstanding options vested by December 31, 2024		125,119

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

Equity settled	**Program E**	**Program E**	**Program E**	**Program E**
Expiration date	01.05.2025	14.12.2027	18.04.2028	21.06.2028
Option pricing model used	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes
Weighted average share price at grant date (NOK)	12.0	8.50	6.55	7.85
Exercise price (NOK)	12.0	8.50	7.30	7.85
Expected volatility	57.4%	66.3%	68.0%	66.0%
Expected dividend growth rate	0	0	0	0
Risk-free interest rate	0.31%	2.73%	3.13%	3.62%

Equity settled	**Chairman**	**Strategic advisors (1)**	**Strategic advisors (2)**
Expiration date	01.05.2025	06.06.2025	06.06.2025
Option pricing model used	Black & Scholes	Black & Scholes	Black & Scholes
Weighted average share price at grant date (NOK)	12.0	12.0	18.0
Exercise price (NOK)	12.0	12.0	18.0
Expected volatility	58.4%	58.4%	57.4%
Expected dividend growth rate	0	0	0
Risk-free interest rate	1.3%	1.2%	1.18%

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

The share-based remuneration expense comprises:

Amounts in NOK thousands	**2024**	2023
Equity settled schemes	878	4,183
Total remuneration expense	**878**	**4,183**

NOTE 6 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK thousands	*Machinery and equipment*	**Total 2024**
Carrying amount January 1, 2024	110	110
Additions	0	0
Depreciation	(68)	(68)
Carrying value December 31, 2024	**42**	**42**
As of January 1, 2024		
Acquisition cost	203	203
Accumulated depreciation and write-downs	(92)	(92)
Carrying amount January 1, 2024	**110**	**110**

Amounts in NOK thousands	*Machinery and equipment*	**Total 2024**
As of December 31, 2024		
Acquisition cost	203	203
Accumulated depreciation and write-downs	(160)	(160)
Carrying amount December 31, 2024	**42**	**42**

Amounts in NOK thousands	*Machinery and equipment*	**Total 2023**
Carrying amount January 1, 2023	124	**124**
Additions	49	**49**
Depreciation	(62)	**(62)**
Carrying value December 31, 2023	**110**	**110**
As of January 1, 2023		
Acquisition cost	154	**154**
Accumulated depreciation and write-downs	(30)	**(30)**
Carrying amount January 1, 2023	124	**124**
As of December 31, 2023		
Acquisition cost	203	**203**
Accumulated depreciation and write-downs	(92)	**(92)**
Carrying amount December 31, 2023	**110**	**110**

NOTE 7 LEASES

Right-of-use assets	Office space	Total
Acquisition cost		
1 January 2023	2,593	2,593
Additions	87	87
Disposals	-	-
31 December 2023	**2,680**	**2,680**
Additions	2,998	2,998
Disposals	(2,680)	(2,680)
31 December 2024	**2,998**	**2,998**
Depreciation and write-downs		
1 January 2023	(1,342)	(1,342)
Depreciation for the year	(900)	(900)
Accumulated depreciation on disposals for the year	-	-
31 December 2023	**(2,242)**	**(2,242)**
Depreciation for the year	(847)	(847)
Accumulated depreciation on disposals for the year	2,680	2,680
31 December 2024	**(409)**	**(409)**
Carrying amount		
Acquisition cost	2,680	2,680
Depreciation and write-downs	(2,242)	(2,242)
31 December 2023	**438**	**438**
Acquisition cost	2,998	2,998
Depreciation and write-downs	(409)	(409)
31 December 2024	**2,589**	**2,589**

Contractual maturities	**2024**	2023
Less than 1 year	762	451
1-3 years	1,878	41
4-5 years	-	-
More than 5 years	-	-
Total contractual cash-flows	**2,639**	**491**

Lease liability	2024	2023
1 January	491	1,344
Additions	2,998	87
Interest expense	119	53
Lease payments	(968)	(993)
31 December	**2,639**	**491**
Current	762	451
Non-current	1,878	41
Total lease liability	**2,639**	**491**

Leases held by the Company do not contain any restrictions on the Company's dividend policy or financing.

Recognition exemptions used

Leases whose underlying asset is considered of low value and lease contracts with a lease term of 12 months or less at commencement are not recognized as right-of-use assets and lease liabilities. The lease costs of such contracts were as follows:

Amounts in NOK thousands	2024	2023
Leases with a lease term of 12 months or less	-	-
Leases of low value	43	21
Total leases of short-term or low value	**43**	**21**

Total cash outflow for leases in 2024 was NOK 1,110 thousand (2023: NOK 1,061 thousand).

NOTE 8 TRANSACTIONS WITH RELATED PARTIES

Amounts in NOK thousands	2024	2023
Marie-Louise Fjällskog, Board Member (US)	725	-

Transactions with related parties consist of invoiced fees for consultancy services. In 2024, Board Member Marie-Louise Fjällskog provided services to Lytix in the role of Medical Advisor.

NOTE 9 SPECIFICATION OF AUDITOR'S FEE

Amounts in NOK thousands	2024	2023
Specification of the auditor's fee		
Statutory audit	293	419
Other non-assurance services	218	195
Tax consultant services	26	-
Total auditor's fee	**536**	**614**

VAT is not included in the fees specified above.

Auditor's fee is included in 'other operating expenses in the statement of comprehensive income.

NOTE 10 FINANCE INCOME AND EXPENSES

Amounts in NOK thousands	**2024**	2023
Financial income		
Interest income	1,510	2,351
Foreign exchange gains	298	4,008
Other financial income	376	2,586
Total financial income	**2,184**	**8,945**

Amounts in NOK thousands	**2024**	2023
Financial expenses		
Interest expenses	(7)	(3)
Interest expenses on lease liabilities	(119)	(53)
Foreign exchange losses	(379)	-
Other financial expenses	(48)	(2)
Total financial expenses	**(553)**	**(58)**

NOTE 11 TAX

Amounts in NOK thousands	**2024**	2023
Current tax		
Tax payable	-	-
Correction of previous years current income taxes	-	-
Deferred tax		
Changes in deferred tax	-	-
Changes in tax rate	-	-
Tax expense	**-**	**-**

Amounts in NOK thousands	**2024**	2023
Pre-tax profit	(94,265)	(87,897)
Income taxes at 22%	**(20,738)**	**(19,337)**
Changes in unrecognized deferred tax asset	24,185	20,040
Non-deductible expenses	(3,446)	(702)
Tax expense	**-**	**-**

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

Amounts in NOK thousands	Balance sheet 2024	Balance sheet 2023	Change 2024	Change 2023
Deferred tax assets				
Property, plant and equipment	26	20	6	3
Right of use asset	11	12	(1)	12
Provisions for obligations	-	197	(197)	197
Net tax on losses carried forward	218,591	194,215	24,376	19,829
Deferred tax assets	**218,628**	**194,443**	**24,185**	**20,040**
Net deferred tax assets	218,628	194,443	24,185	20,040
Net deferred tax assets not recognized	(218,628)	(194,443)	(24,185)	(20,040)
Net recognized deferred tax assets	-	-	-	-

Deferred tax assets on losses carried forward, in total NOK 219 million as of December 31, 2024 (2023: NOK 194 million), have not been recognized because it is not probable that taxable profits will be available against which deductible temporary differences can be utilized.

The Company has a total tax loss carried forward of NOK 994 million as of December 31, 2024 (2023: NOK 883 million) which has no due date.

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.

Amounts in NOK	Note	2024	2023
Loss for the year		(94,265,276)	(87,897,451)
Average number of outstanding shares during the year	18	54,113,872	40,068,319
Basic and diluted earnings per share (NOK)		**(1.74)**	**(2.19)**

NOTE 13 INTANGIBLE ASSETS

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

NOTE 14 OTHER RECEIVABLES

Amounts in NOK thousands	31.12.2024	31.12.2023
Other receivables		
Trade receivables	458	-
Governmental grants	5,500	5,500
VAT	325	354
Prepayments	552	655
Other receivables	6,279	6,268
Total other receivables	**13,113**	**12,777**

NOTE 15 SHORT-TERM FINANCIAL INVESTMENTS

Amounts in NOK thousands	**31.12.2024**	31.12.2023
Short-term financial investments		
Arctic Return	-	23,183
Short-term financial investments	**-**	**23,183**

In accordance with internal policies, NOK 50 million in excess liquidity was in 2022 placed in a short-term liquidity fund, Arctic Return, managed by Arctic Asset Management AS. See note 19 on classification and fair value hierarchy.

NOTE 16 FINANCIAL INSTRUMENTS AND RISKS

Classification of financial instruments

Financial assets	**2024**	2023
Financial assets measured at fair value through profit or loss:		
Short-term financial investments	-	23,183
Financial assets measured at amortized cost:		
Cash and cash equivalents	130,791	27,365
Total financial assets	**130,791**	**50,549**

Financial liabilities	**2024**	2023
Financial liabilities measured at amortized cost:		
Lease liabilities		
Current	762	451
Non-current	1,878	41
Trade payables	5,051	3,572
Total financial liabilities	**7,654**	**4,063**

The fair-value of short-term financial investments is considered 'level 2' in the fair value hierarchy. Of the assets not measured at fair value, the carrying amounts approximate their fair value.

Operational and market risks

Financial risk

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

Interest rate risk

The company has no interest-bearing debt. Bank deposits are exposed to market fluctuations in interest rates, which affects financial income. As the company has no interest-bearing debt, no sensitivity analysis is performed on the development of interest rates.

The Company has invested its excess liquidity in a short-term liquidity fund managed by Arctic Asset Management AS. The fund invests in investment grade bonds or money market instruments with a duration between 3 and 6 months. The value in the money market instrument is primarily influenced by the changes in the interest rate levels in the market (see note 14). As of 31 December 2024, the Company held no investments in the short-term liquidity fund.

Exchange rate risk

Currency risk is limited to fluctuations in currencies relating to partners and vendors abroad.

As the company has only a limited foreign currency exposure at opening balance sheet date and at year-end 2023 and 2024, no sensitivity analysis is performed on the development of foreign currency exchange rates.

The company does not hedge its foreign currency exposures using derivatives.

Credit risk

The credit risk is limited as receivables are minimal exclusive of public grants. The short-term investments are invested with low risk in a fund investing in investment grade bonds or money market instruments. Therefore, no provisions have been made as a consequence of the minimal credit risks held by the Company.

Liquidity risk

Funding of ongoing operations is, and will be for some time, depending on external sources, mainly equity contributions. There is an inherent risk around future financing of the company, depending upon the company's own performance and on the financial market conditions. Acceptable sources of funding may not be available when needed or may not be available on acceptable terms.

The company's ability to obtain capital or financing will depend in part upon prevailing market conditions as well as conditions of its business and its operating results, and those factors may affect its efforts to arrange additional financing on satisfactory terms.

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

Non-financial risks

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

Technology risk

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

Competitive technology

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

Market risks

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

Capital management: Objectives, policies and processes

The company's objective when managing capital is to:

- safeguard the ability of the Company to continue as a going concern and to provide future returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

NOTE 17 CASH AND CASH EQUIVALENTS

Amounts in NOK thousands	**31.12.2024**	31.12.2023
Cash and cash equivalents		
Employee withholding tax – restricted cash	1,479	1,571
Variable rate bank accounts	129,312	25,794
Total cash and cash equivalents	**130,791**	**27,365**

At year-end 2023, the Company holds short term financial investments that mature in less than 6 months, that do not meet the definition of cash equivalents and are therefore presented as "short-term financial investments".

NOTE 18 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital on December 31, 2024, is NOK 6,815,943.4 (December 31, 2023: 4,006,831.9), being 68,159,434 ordinary shares at a nominal value of NOK 0.1. All shares carry equal voting rights.

	2024	2023
Ordinary shares per 1 January	40,068,319	40,068,319
Capital increase May 13, 2024 [1)]	9,541,984	-
Capital increase December 27, 2024 [2)]	18,549,131	-
Ordinary shares per December 31	**68,159,434**	**40,068,319**

[1)] In May 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, 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.

[2)] In December 2024, 18,549,131 shares were subscribed for in a private placement among existing shareholders and new investors at a share price of NOK 6.00 for total gross proceeds of NOK 111.3 million. On December 17th, 2024, the Board resolved to issue 18,549,131 shares. The contribution was confirmed and registered in the Norwegian Register of Business Enterprises on December 23rd, 2024.

No.	Shareholder	No. of shares	Percentage share of total no. of shares
1	JAKOB HATTELAND HOLDING AS	6 095 482	8.9 %
2	Citibank, N.A.	4 896 422	7.2 %
3	SATURN INVEST AS	4 485 579	6.6 %
4	TAJ HOLDING AS	4 455 566	6.5 %
5	Skandinaviska Enskilda Banken AB	2 500 000	3.7 %
6	LYR INVEST AS	2 438 863	3.6 %
7	BRØDRENE KARLSEN HOLDING AS	2 283 507	3.4 %
8	PER STRAND EIENDOM AS	2 019 102	3.0 %
9	3T PRODUKTER HOLDING AS	1 808 764	2.7 %
10	LYSNES INVEST AS	1 448 987	2.1 %
11	YNNI INVEST AS	1 392 889	2.0 %
12	HIFO INVEST AS	1 318 913	1.9 %
13	KVASSHØGDI AS	1 307 652	1.9 %
14	NORDNET LIVSFORSIKRING AS	1 197 468	1.8 %
15	CARE HOLDING AS	1 006 512	1.5 %
16	BELVEDERE AS	955 027	1.4 %
17	LTH INVEST AS	896 786	1.3 %
18	JAHATT AS	738 167	1.1 %
19	PICASSO AS	695 753	1.0 %
20	DRAGESUND INVEST AS	685 436	1.0 %
	Total number of shares for top 20 shareholders	**42 626 875**	**62.5 %**
	Total number of shares for the other shareholders	**25 532 559**	**37.5 %**
	Total number of shares	**68 159 434**	**100.0 %**

NOTE 19 CURRENT LIABILITIES

Amounts in NOK thousands	**31.12.2024**	31.12.2023
Current liabilities		
Trade payables	5,015	3,572
Accrual for annual leave	967	1,812
Other accruals	23,476	571
Tax and social security payments	1,187	1,364
Lease liabilities	762	451
Other payables	5,356	4,745
Total current liabilities	**36,764**	**12,514**

NOTE 20 EVENTS AFTER THE REPORT DATE

On 15 January 2025, a share capital increase related to the issuance of 102,568 new shares was registered with the Norwegian Register of Business Enterprises. The shares were issued as part of the fee settlement to underwriters in connection with a private placement completed in December 2024. Following the registration, the Company's new share capital is NOK 6,826,200.20, divided into 68,262,002 shares, each with a nominal value of NOK 0.10.

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Medlemmer av Den norske Revisorforening

To the General Meeting in Lytix Biopharma AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of Lytix Biopharma AS (the Company), which comprise the balance sheet as at 31 December 2024 , statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for opinion

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

Other information

The Board of Directors and the Chief Executive Officer (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information consists of the information included in the annual report other than the financial statement and our auditor's report. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report and for the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report and for the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

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Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Tromsø, 9 April 2025
ERNST & YOUNG AS

The auditor's report is signed electronically

Monica Sørensen
State Authorised Public Accountant (Norway)

PENNEO

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

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

Sørensen, Monica
Statsautorisert revisor
På vegne av: EY
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IP: 147.161.xxx.xxx
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bankID

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