

# Aytu BioPharma: Time For An Intervention

## **Introduction**

My motivation for this article is a strong belief in how important “free, fair, and efficient markets” are to ensure a properly functioning economic system. The ability for an investor to perform effective “Price Discovery” on a publicly traded stock, along with safeguards to protect consumers from bad actors is paramount. To be fair, I provided AYTU with all my “assumptions” articulated in this article, but they have yet to respond to my written questions.

Rather than dredge up and repeat the long, dysfunctional history, this article deals primarily with events and activities leading up to and after the AYTU acquisition of Neos Therapeutics in March 2021. It was an event that many investors (myself included) believed marked a turning point for AYTU towards operating as a bona fide public company focused on generating value for and acting in the best interests of all its shareholders. Viewed discretely, the issues raised in this article may seem minor but considered holistically, they support a theory of complicity in the questionable practices by AYTU ownership.

AYTU, with certain rights to the now U.S., patented Cedars-Sinai Internal UV Light Therapy technology ("Healight"), EU & U.S. Fast Track / Orphan Drug status for AR101 (with few alternatives to treat vEDS), a CEO-forecasted greater than [\\$90M](#) annual revenue run rate from the Prescription Drug and Consumer Health portfolios, and almost cash flow positive (per adjusted EBITDA), the current AYTU share price (“**SP**”) of roughly \$0.28 (as at August 16, 2022) is grossly undervalued. The Company is an extreme example of Benjamin Graham’s “net nets”, with a net current asset value of \$168.8M (according to the FYQ3 Balance Sheet) but trading at a market cap (“**MC**”) of around \$11.5M. If you sold off all of AYTU’s component parts, you would theoretically receive almost 15x more than what the company is currently trading for. These massive under-valuations don’t persist for as long as they have with AYTU unless there is some form of corruption involved.

AYTU BioPharma	FY 2020	FY 2021	Q1/22	Q2/22	Q3/22	EPS (\$) Diluted			
	(to June 2020)	(to June 2021)	(to Sept. 2021)	(to Dec. 2021)	(to Mar. 2022)	Full Year - Jun	2021A	2022E	2023E
<b>Consolidated Statement of Operations</b>									
<b>Product Revenue</b>									
Consumer Health Portfolio	10,400,000	32,954,000	8,014,000	8,482,000	10,337,000	1Q	(0.35)	(1.09)A	--
Rx / Pediatric Portfolio	12,600,000	24,428,000	13,458,000	14,451,000	13,590,000	2Q	(0.82)	(0.44)A	--
Primary Care (Opivex, Tussars xio and Devices)	-	8,250,000	425,000	192,000	272,000	3Q	(1.41)	(0.41)	--
<b>Total product revenue</b>	<b>27,632,080</b>	<b>65,632,000</b>	<b>21,897,000</b>	<b>23,125,000</b>	<b>24,199,000</b>	4Q	(0.81)	(0.31)	--
						FY	(3.48)	(2.10)	(0.73)
<b>Cost of sales</b>									
	7,553,031	36,432,000	9,441,000	10,826,000	11,513,000	<b>Revenue (\$M)</b>			
<b>Operating expenses</b>						Full Year - Jun			
Research and development	1,721,419	5,623,000	2,096,000	4,920,000	3,726,000	1Q	13.5	21.9A	--
Advertising and direct marketing		20,568,000		4,985,000		2Q	13.8	23.1A	--
Other selling and marketing		9,740,000	9,297,000	4,675,000	9,743,000	3Q	13.5	24.2	--
Selling, general and administrative	34,802,432	25,500,000	8,216,000	7,953,000	7,615,000	4Q	23.5	26.6	--
Impairment of intangible assets	195,278	12,825,000	19,453,000		45,195,000	FY	65.6	95.8	106.4
Acquisition-Related Costs		2,919,000							
Restructuring Costs		4,886,000							
Amortization of intangible assets	4,490,466	6,009,000	1,093,000	1,060,000	1,061,000				
<b>Total operating expenses</b>	<b>48,762,626</b>	<b>88,070,000</b>	<b>40,155,000</b>	<b>23,593,000</b>	<b>67,341,000</b>				
<b>Gain / Loss from operations</b>	<b>(21,130,546)</b>	<b>(58,870,000)</b>	<b>(27,899,000)</b>	<b>(11,294,000)</b>	<b>(54,655,000)</b>				
Other (expense), net	(2,606,487)	(2,050,000)	(40,000)	20,000	(55,000)				
(Loss) / Gain from change in FY of Cont. Consider.	19,439,252	4,459,000	(219,000)	(277,000)	1,257,000				
(Loss) on extinguishment of debt	(315,728)	(1,569,000)			169,000				
Gain from warrant derivative liability	1,830				211,000				
<b>Total other (expense) income</b>	<b>7,509,867</b>	<b>840,000</b>	<b>(259,000)</b>	<b>(257,000)</b>	<b>1,582,000</b>				
<b>Income Tax Expense</b>		259,000	(109)	(3)					
<b>Net Gain / (Loss)</b>	<b>(13,620,679)</b>	<b>(58,289,000)</b>	<b>(27,958,000)</b>	<b>(11,551,000)</b>	<b>(53,073,000)</b>				
<b>Weighted avg. # of common shares outstanding</b>	<b>45,192,010</b>	<b>16,746,679</b>	<b>25,597,319</b>	<b>26,412,473</b>	<b>29,689,856</b>				
<b>Basic &amp; Diluted Net Gain / (Loss) per common share</b>	<b>(\$0.30)</b>	<b>(\$3.49)</b>	<b>(\$1.09)</b>	<b>(\$0.44)</b>	<b>(\$1.79)</b>				

## AYTU FY22-Q3 ER

In the FY22-Q3 ER, AYTU reported a massive loss of (\$1.79) due to a huge impairment they took on legacy assets. Eliminate the massive Goodwill write-off and adjust the corresponding Loss / Gain in FV from Contingency Consideration (highlighted above), AYTU actually turned in an EPS of around (\$0.30) in that FY22-Q3 ER, beating analyst estimates (see tables to the right). AYTU used the manipulated MC decline to reduce Goodwill from previous M&A and record additional tax loss provisions, likely clearing the books and path for additional M&A. With a low quarterly cash burn, if management were upholding their Fiduciary duty, they would use \$3-5M of cash on hand to acquire the artificially depressed shares in the market, knowing they still have >\$10M in the unutilized LoC for emergencies. Shares could have been offered ATM after trials got well underway and the path to profitability improved. This never happened.

## The Daily Trading Manipulation

A simple analysis of the daily AYTU trading data combined with other related information raises suspicions of orchestrated historical and ongoing SP manipulation, potentially supported by key AYTU stakeholders. One theory, supported by the data included in this article, posits that the brutal SP decline and senseless MC is to facilitate a strategy of "asset collection" by AYTU ownership i.e., manipulating publicly traded stocks for M&A, like how Neos Therapeutics' acquisition by AYTU was set up by institutional stakeholders over several years.



### *Aytu - Neos SP Performance Comparison*

The artificially-depressed SP that AYTU has been driven down to is less than cash-on-hand levels despite the \$90M annual revenue run rate and includes zero expected future value of the pipeline. This SP manipulation is following a pattern similar to that suffered by NEOS leading up to the AYTU acquisition, which was handled by the same institutional stakeholders. The NEOS SP was manipulated down over a few months in 2018 from \$11, to \$5, then to around \$2 and under. The SP was suppressed despite revenue growth and improving bottom line, allowing Neos to be bought at a bargain price. One theory suggests the AYTU SP is being deliberately manipulated so the company or the assets can be acquired at a substantial discount, or grossly undervalued in an equity based merger.

AYTU leadership must be either directly or indirectly complicit in the SP manipulation by not providing full and reasonable disclosure on their SP performance and ALL their assets, impairing the ability to confirm an accurate valuation and helping artificially suppress the MC. The concerns are supported by the material referenced throughout this article. I raised these issues very recently with AYTU Investor Relations (AYTU CFO Mark Oki currently handles these inquiries) with limited success:

“We continue to monitor our stock price and, unfortunately, we are trending with the XBI index. We continue to focus on our operational goals as we believe this is what will drive long-term value. We fully cooperate with all governmental/regulatory inquiries into the trading of our stock, but we do not have the ability to interfere with such trading.”



### *Aytu-XBI Index Comparison*

I'm not sure what chart tools Mr. Oki is using to monitor AYTU's SP performance but mine tell a different story. Mr. Oki confirmed a timing in August for an interview but canceled at the last minute and has not yet provided a re-schedule. [AYTU CEO Josh Disbrow](#), who is compensated quite handsomely for his "stewardship", also refuses to address these issues in public forums. This is a clear example of AYTU leadership complicit in promoting a false narrative.

Taken alone each individual question or issue presented in this article may not be grounds for an investigation but taken together, they suggest a pattern of corrupt behavior by key AYTU stakeholders. The actions and non-actions described herein have resulted in significant losses and value erosion for AYTU investors, many of whom were motivated by an opportunity to support the breakthrough [Cedars-Sinai MAST Program](#) medical technology, branded "Healight" by AYTU who [acquired the rights](#) in 2020.

### **AYTU's Capital Management**

The [AYTU 10-Q](#) of May 16, 2022, stated: "Management plans to mitigate the conditions that raise substantial doubt about its ability to continue as a going concern are primarily focused on raising additional capital through public or private equity or debt offerings or monetizing assets in order to meet its obligations. Management believes that the Company has access to capital resources, however, the Company cannot provide any assurance that it will be able to raise additional capital, monetize assets or obtain new financing on commercially acceptable terms."

That [AYTU 10-Q](#) also stated: "As the Company does not have sufficient cash and cash equivalents as of March 31, 2022, to cover its cash needs for the twelve months following the

filing date of this Quarterly Report on Form 10-Q, there exists substantial doubt about the Company's ability to continue as a going concern."

The use of the word "substantial" is new in terms of being employed to characterize a "Risk" to AYTU's future operations. Yet this "Substantial Risk" is not identified anywhere in the August 7, 2022 version of the [Corporate Presentation](#), and CEO Disbrow never publicly referenced this in any of the most recent investor conferences: Lytham Partners in June nor the Canaccord Genuity conference in August 2022.

Meanwhile, in the recent [10-Q](#) filed in August 2022 by Avalo Therapeutics (majority owned by Armistice Capital with Steven Boyd as the former Chairman of the Board), that company, which has a long and deep relationship with AYTU, cites the AYTU "Substantial Risk" explicitly in regard to payments owed them: "As most recently public disclosed in their Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, Aytu concluded that substantial doubt exists with respect to their ability to continue as a going concern within one year after the date that the financial statements were issued, or May 2023. As such, the Company fully reserved for the \$1.0 million due in December 2024 and recognized the related expense in cost of product sales for the three and six months ended June 30, 2022. The remaining \$0.9 million is included within other receivables and is contractually owed in the fourth quarter of 2022."

Despite what could only be classified as a significant issue and potential risk for investors, AYTU leadership has never addressed this with shareholders nor provided specific, detailed steps they are taking to mitigate this "substantial" risk. At the very least, it is reasonable for an investor to expect AYTU leadership to carefully review all details of their current equity situation in the markets to effectively execute their mitigation plan and provide shareholders with regular updates. This has never happened.

An analysis of the data from the daily equity trading activity demonstrates traits of share price manipulation as defined by the SEC, yet this is never addressed publicly by leadership despite the prevalence of financial professionals on the Board of Directors and as majority shareholders.



#### What is market manipulation?

- Intentional or willful conduct designed to deceive or defraud investors by controlling or artificially affecting the price of securities, or
- Intentional interference with the free forces of supply and demand
- Can be designed to drive a stock's price up or down.

#### Why is it a problem?

- Harmful because it affects the integrity of the market place
- Price should be set by the unimpeded collective judgment of buyers and sellers
- Undermines fair, honest and orderly markets
- Investors will stay out of your market if they perceive that it is not fair and is subject to manipulation

#### Trading Manipulations

- Trading Activity Designed to Fool the Market
- Trading at volumes and times designed to fool the market about share values

#### Who is Trading?

- Broker-dealer information and stock transfer records will show you who has the stock and how they ended up with it
- Key for showing control over company and helping identify nominee accounts
- Every time stock certificate is transferred to another name, you have another piece of the puzzle

#### Tips Complaints & Referrals

- A TCR is any credible allegation or statement of concern about a possible violation of the federal securities laws or conduct that poses a possible risk of harm to investors.

#### Manipulative Trading - Look-out for:

##### Arbitrary Quotes and Trading

- Open the market with arbitrary quotes that bear no logical relation to the issuer's business history, earnings, assets and products
- "Bizarre Trading" – is there any sense to the trading you see?
- Do trading patterns follow those expected from free forces of supply and demand?

##### Marking the Close

- Repeatedly upping the bid at or near the close of the market, or
- Purchasing the stock at or near the close of the market at an uptick
- Done to send a positive signal to the market
- Closing market price is viewed by market professionals and investors as a guide to the trend of the market

##### Control of the Market

- Market Maker comes to dominate and control market for a particular security
- Once control is established, market maker is free to arbitrarily move bid and price of security upwards without reference to forces of supply and demand
- If the manipulator can lure in the momentum traders and ill-informed value traders, the manipulation may succeed

##### Layering

- Trader places orders with no intention of having them executed but rather to trick others into buying or selling a stock at an artificial price driven by the orders that the trader later cancels.

#### Wash Sales and Matched Orders

##### Wash Sales

a person places simultaneous orders to buy and sell quantities of the same security in transactions involving no change of beneficial ownership of the stock

##### Matched Orders

a person or persons places buy or sell orders for a security with the knowledge that sell or buy orders of substantially the same size and price will be placed simultaneously

- Engaged in for the purpose of creating a false appearance of active trading in the market for a security
- May be done at successively higher and higher prices to move market price of security upwards (and vice versa)

#### Manipulators' Targeted Securities

- Illiquid securities
- Value traders tend not to follow illiquid securities closely because they cannot trade sufficient volume to profit, given cost of fundamental research
- Poor disclosure and information
- Sophisticated value traders tend not to follow securities that they cannot readily value
- Manipulators may target securities for which little fundamental information is available
- Hard-to-borrow securities
- Sophisticated value traders generally cannot sell securities that they cannot borrow. Short selling cannot be covered.
- Controlled float
- Manipulated securities are often "small" stocks where the manipulator can control substantial portion of shares outstanding

<https://www.sec.gov/files/Market%20Manipulations%20and%20Case%20Studies.pdf>

### SEC Market Manipulation Information (SEC)

The daily Bid / Ask spreads and Order Fills suggest deliberate institutional actions to maintain the AYTU SP and market cap at an absurdly low valuation, even in the face of positive corporate developments. This is evident in the equity trading data history that features a trend in On / Off Exchange activity that is unlike the more random pattern typical of small-cap stocks, such as AVTX or NAOV, for example.

**AYTU**

MONTH	YEAR	TOTAL VOLUME	VOLUME - EXCHANGES	VOLUME - OFF EXCHANGE	% - OFF EXCHANGE	SHORT VOLUME	SHORT % OF Total
SEPTEMBER	2020	93,741,737	43,224,024	10,517,713	19.6%	30,591,279	66.2%
OCTOBER	2020	55,772,207	47,681,495	8,090,712	14.5%	33,441,500	60.0%
NOVEMBER	2020	37,757,115	30,955,252	6,801,863	18.0%	19,267,847	51.0%
DECEMBER	2020	41,051,827	31,756,714	9,295,113	22.6%	20,064,025	48.9%
JANUARY	2021	9,196,069	8,866,429	2,329,640	25.3%	4,235,608	46.1%
FEBRUARY	2021	9,854,294	7,410,701	2,443,593	24.8%	4,202,919	42.7%
MARCH	2021	21,042,340	14,032,548	7,006,792	33.3%	6,100,384	29.0%
APRIL	2021	7,503,108	5,064,548	2,438,560	32.5%	2,803,362	37.4%
MAY	2021	8,510,063	5,183,401	3,326,882	39.1%	3,889,070	45.5%
JUNE	2021	35,674,607	18,152,612	16,521,995	46.3%	15,708,123	44.2%
JULY	2021	9,471,172	5,095,460	4,375,712	46.2%	4,084,809	43.1%
AUGUST	2021	8,385,470	2,997,602	3,387,868	53.1%	2,408,096	37.7%
SEPTEMBER	2021	9,128,907	4,176,214	4,952,593	54.3%	2,735,259	30.0%
OCTOBER	2021	3,939,505	1,890,268	2,049,237	52.0%	1,104,182	28.0%
NOVEMBER	2021	8,567,235	4,138,388	4,427,837	51.7%	3,183,439	37.2%
DECEMBER	2021	13,927,256	6,094,338	7,832,917	56.2%	4,670,294	35.7%
JANUARY	2022	3,832,316	1,877,857	2,154,459	56.2%	1,555,921	40.6%
FEBRUARY	2022	3,173,867	1,459,026	1,714,841	54.0%	1,346,065	42.4%
MARCH	2022	3,355,720	1,584,306	1,770,794	52.8%	1,209,448	36.0%
APRIL	2022	46,856,718	28,577,842	18,278,876	39.0%	17,462,377	37.3%
MAY	2022	5,962,490	2,547,959	3,414,491	57.3%	2,431,508	40.8%
JUNE	2022	8,543,643	4,141,170	4,404,473	51.6%	3,604,844	42.2%

- An analysis of publicly-available daily trading data from both traditional and "Dark Pool" exchanges, suggests ongoing manipulation of the SP.
- The daily AYTU trading activity always features market manipulation tactics the SEC warns investors to watch out for (previous slides).
- In addition, AYTU data shows a deliberate pattern in the monthly "On" and "Off" exchange volume ratio that creates a trend unlike any seen in similar assessments for other small cap stocks.
- The AYTU CEO defers comment on the share price but it would be a reasonable expectation of an investor for AYTU leadership to monitor and address how their share price is performing, especially if deliberate manipulation impacts the effectiveness of financing / raising equity.

**AVTX**

MONTH	YEAR	TOTAL VOLUME	VOLUME - EXCHANGES	VOLUME - OFF EXCHANGE	% - OFF EXCHANGE	SHORT VOLUME	SHORT % OF Total
SEPTEMBER	2020	8,283,936	5,960,594	2,323,342	28.0%	2,347,499	33.0%
OCTOBER	2020	4,891,265	1,986,750	2,704,515	57.7%	1,196,565	22.8%
NOVEMBER	2020	3,077,129	2,153,264	923,864	30.0%	1,200,920	39.0%
DECEMBER	2020	6,789,525	3,835,971	3,133,554	46.3%	3,048,573	45.0%
JANUARY	2021	28,311,185	17,629,263	10,681,902	37.7%	8,393,340	33.2%
FEBRUARY	2021	16,377,785	9,478,511	6,899,274	42.1%	4,950,208	30.2%
MARCH	2021	10,608,884	6,548,443	4,060,441	38.3%	2,869,069	27.0%
APRIL	2021	12,358,351	6,614,681	5,743,670	46.5%	5,882,789	45.8%
MAY	2021	76,862,227	43,867,270	32,994,957	42.9%	36,913,789	48.0%
JUNE	2021	18,838,849	11,600,158	7,238,691	38.4%	4,987,669	26.5%
JULY	2021	10,822,895	6,898,603	4,124,292	38.1%	1,824,504	16.9%
AUGUST	2021	9,380,256	4,109,455	5,270,851	56.2%	2,181,933	23.0%
SEPTEMBER	2021	15,958,087	8,804,697	6,353,400	39.8%	4,629,294	29.0%
OCTOBER	2021	8,108,516	4,233,388	3,875,148	47.8%	2,943,936	36.3%
NOVEMBER	2021	5,775,719	3,502,057	2,273,662	39.4%	1,743,924	30.2%
DECEMBER	2021	7,627,466	4,835,773	2,791,693	36.6%	1,712,878	22.5%
JANUARY	2022	16,425,709	7,526,893	8,898,846	54.2%	6,072,730	37.0%
FEBRUARY	2022	6,000,816	3,323,964	2,678,852	44.6%	2,411,465	40.2%
MARCH	2022	5,796,351	2,812,308	2,984,043	51.5%	2,119,742	36.6%
APRIL	2022	7,057,123	3,720,125	3,336,999	47.3%	3,630,680	51.4%
MAY	2022	10,315,299	5,321,263	4,993,996	48.4%	3,108,739	30.1%
JUNE	2022	15,529,360	7,006,134	8,523,226	54.9%	3,142,491	20.2%

**NAOV**

MONTH	YEAR	TOTAL VOLUME	VOLUME - EXCHANGES	VOLUME - OFF EXCHANGE	% - OFF EXCHANGE	SHORT VOLUME	SHORT % OF Total
SEPTEMBER	2020	8,283,936	5,960,594	2,323,342	28.0%	2,347,499	33.0%
OCTOBER	2020	4,891,265	1,986,750	2,704,515	57.7%	1,196,565	22.8%
NOVEMBER	2020	3,077,129	2,153,264	923,864	30.0%	1,200,920	39.0%
DECEMBER	2020	6,789,525	3,835,971	3,133,554	46.3%	3,048,573	45.0%
JANUARY	2021	28,311,185	17,629,263	10,681,902	37.7%	8,393,340	33.2%
FEBRUARY	2021	16,377,785	9,478,511	6,899,274	42.1%	4,950,208	30.2%
MARCH	2021	10,608,884	6,548,443	4,060,441	38.3%	2,869,069	27.0%
APRIL	2021	12,358,351	6,614,681	5,743,670	46.5%	5,882,789	45.8%
MAY	2021	76,862,227	43,867,270	32,994,957	42.9%	36,913,789	48.0%
JUNE	2021	18,838,849	11,600,158	7,238,691	38.4%	4,987,669	26.5%
JULY	2021	10,822,895	6,898,603	4,124,292	38.1%	1,824,504	16.9%
AUGUST	2021	9,380,256	4,109,455	5,270,851	56.2%	2,181,933	23.0%
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OCTOBER	2021	8,108,516	4,233,388	3,875,148	47.8%	2,943,936	36.3%
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MARCH	2022	5,796,351	2,812,308	2,984,043	51.5%	2,119,742	36.6%
APRIL	2022	7,057,123	3,720,125	3,336,999	47.3%	3,630,680	51.4%
MAY	2022	10,315,299	5,321,263	4,993,996	48.4%	3,108,739	30.1%
JUNE	2022	15,529,360	7,006,134	8,523,226	54.9%	3,142,491	20.2%

*Daily Trading Data Comparison (Chart Exchange)*

This deliberate SP manipulation preceded any general market downturn (in contrast to CFO Oki's claims) and has been underway since the close of the Neos acquisition in March 2021. What is required now is a more "forensic" review of that data by a regulatory body like the SEC to determine the origin of the trades, holders of the shares traded, and other factors to determine if any activities violated SEC regulations.

When you take a deeper dive into the events of each month during this timeframe, you discover that the trading activity also allowed certain investors to exit and re-enter the AYTU investment at opportune times, often under cover of orchestrated high volume, high-frequency trading events (the "pump & dump" schemes certain institutions use to create churn in the market). With a Board of Directors made up almost exclusively of investment experts and financial professionals and in consideration of the stated "substantial risk" to future financing in the AYTU 10-Q, why has there not been a formal response and investigation into this SP performance and other issues by AYTU leadership? Instead, the senior leadership team refuses to address or even comment on anything to do with the SP, suggesting complicity and [collusion](#).

Considering all these issues and the absurdly low MC, it's also reasonable for an investor to expect the C-Suite and Board to analyze the current shareholder base through the data reported on in the voting during AYTU's most recent Annual Meeting in May, especially if leadership is concerned about raising equity. Analyzing the numbers from shares voting at the Annual

Meeting it is hard to believe that after a 10-1 R/S in December 2020 that significantly reduced the number of shares held, there can be 13M shares held by individuals or institutions that wouldn't take the time to voice their opinion after the dismal performance of AYTU stock and apathy of management.

Item 5.07 Substitution of Matters to a Vote of Security Holders											
<p>The 2022 annual meeting of stockholders for Aytu BioPharma, Inc. was held on May 18, 2022 (the "2022 Annual Meeting"). Of the 33,355,935 shares outstanding on the record date for the meeting, a total of 20,034,954 shares were present or represented at the meeting. The matters voted on and the results of the votes of the 2022 Annual Meeting are as follows:</p>											
<p>1. Our stockholders elected five members to our board of directors as follows:</p>											
Members	Number of Votes Cast For	Number of Votes Withheld	Number of Broker Non-Votes								
Joshua R. DiStefano	7,950,490	3,552,901	8,531,543								
Gary V. Cantrell	7,694,480	3,808,911	8,531,543								
Carl C. Dackow	7,512,820	3,999,571	8,531,543								
John A. Donofrio, Jr.	7,694,806	3,815,585	8,531,543								
Michael E. Macdonald	8,029,799	3,475,592	8,531,543								
<p>2. The ratification of the appointment of Plante &amp; Moran, PLLC as the Company's independent registered public accounting firm for the fiscal year ending June 30, 2022 was approved with 16,596,117 votes in favor, 2,811,766 votes against and 627,071 abstentions.</p>											
<p>3. The advisory vote on executive compensation was approved with 7,386,646 votes in favor, 3,985,791 votes against and 130,954 abstentions. There were 8,531,543 broker non-votes.</p>											
<p>4. The advisory vote on the frequency with which future advisory votes on executive compensation should be held was held 5,841,439 votes for one year, 95,286 votes for two years, 5,309,518 votes for three years and 257,148 abstentions.</p>											
<p>In light of these results, notwithstanding its previous recommendation in the proxy statement for the 2022 Annual Meeting, the Company's Board of Directors determined that the Company will hold future Say-on-Pay votes on an annual basis until the occurrence of the next advisory vote on the frequency of Say-on-Pay votes. The next advisory vote regarding the frequency of Say-on-Pay votes is required to occur no later than the Company's 2028 Annual Meeting of Stockholders.</p>											
<p><b>Shares Outstanding (on record date):</b> 33,355,935</p> <p><b>Shares Present or Represented:</b> 20,034,954</p> <p><b>Shares Not Represented:</b> 13,320,981</p>											
<p><b>BOD Vote:</b></p> <table border="1"> <thead> <tr> <th>For # of Votes For</th> <th>For # of Votes Withheld</th> <th>For # of Broker Non-Votes</th> </tr> </thead> <tbody> <tr> <td>7,774,479</td> <td>3,728,912</td> <td>8,531,543</td> </tr> </tbody> </table>				For # of Votes For	For # of Votes Withheld	For # of Broker Non-Votes	7,774,479	3,728,912	8,531,543		
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<p><b>Executive Compensation</b></p> <table border="1"> <thead> <tr> <th>In Favor</th> <th>Against</th> <th>Abstentions</th> <th>Broker Non-votes</th> </tr> </thead> <tbody> <tr> <td>7,386,646</td> <td>3,985,791</td> <td>130,954</td> <td>8,531,543</td> </tr> </tbody> </table>				In Favor	Against	Abstentions	Broker Non-votes	7,386,646	3,985,791	130,954	8,531,543
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<p><b>Frequency of Future Advisory Votes on Executive Comp</b></p> <table border="1"> <thead> <tr> <th>One year</th> <th>Two years</th> <th>Three years</th> <th>Abstentions</th> </tr> </thead> <tbody> <tr> <td>5,841,439</td> <td>95,286</td> <td>5,309,518</td> <td>257,148</td> </tr> </tbody> </table>				One year	Two years	Three years	Abstentions	5,841,439	95,286	5,309,518	257,148
One year	Two years	Three years	Abstentions								
5,841,439	95,286	5,309,518	257,148								

### AYTU Annual Meeting Voting (Author)

One interpretation of this data suggests that of the roughly 20M shares represented at the meeting, it can be broken down as: roughly 12 - 13M retail SH (# of Broker non-votes + # of Votes Withheld); leaving roughly 7 - 8M Institutional/Insider SH. I also suspect that of the roughly 13M shares unaccounted for at the meeting, at least 50% (but more likely 75%) are held by institutions often acting as market makers ("MM") and also those responsible for the market manipulation. The SEC could confirm this by tracing who holds the unaccounted-for shares. It is these millions of shares held in inventory that allowed the MM to churn over 48M volume in July 2022, primarily on the retail exchanges, likely to distribute dilution and continue to drive the SP down to even more ridiculous levels.

This issue is of additional interest because of the surprise [SEC filing](#) in March 2021 by Millennium Management (see below) that indicated the unloading of a significant ownership stake in AYTU that had not been previously reported in traditional SEC filings.

More recently, a [SEC filing](#) on August 15 2022 confirmed an over 5% ownership of AYTU by CVI, Inc. in an "offshore" account in the Caymans, all connected to Susquehanna, which owns Heights Capital Management and has been involved in the ongoing AYTU SP manipulation. One theory is that these institutions drive the SP down by manipulating trading by leveraging On and Off-exchange platforms, fully hedged with Calls and Puts, then take advantage of tax losses onshore before capitalizing on gains in offshore tax havens (read more about these tactics [HERE](#)).



(a) Amount Beneficially Owned:

As of the close of business on March 18, 2021, the reporting persons and affiliates of the reporting persons beneficially owned an aggregate of 1,165,188 shares of the Issuer's Common Stock or 6.5% of the Issuer's Common Stock outstanding.

Thereafter, as of the close of business on March 25, 2021:

i) Integrated Core Strategies (US) LLC, a Delaware limited liability company ("Integrated Core Strategies"), beneficially owned 2,440 shares of the Issuer's Common Stock; and

ii) Integrated Assets, Ltd., an exempted company organized under the laws of the Cayman Islands ("Integrated Assets"), beneficially owned 20,420 shares of the Issuer's Common Stock, which together with the shares of the Issuer's Common Stock beneficially owned by Integrated Core Strategies represented 22,866 shares of the Issuer's Common Stock or 0.1% of the Issuer's Common Stock outstanding.

Millennium International Management LP, a Delaware limited partnership ("Millennium International Management"), is the investment manager to Integrated Assets and may be deemed to have shared voting control and investment discretion over securities owned by Integrated Assets.

Millennium Management LLC, a Delaware limited liability company ("Millennium Management"), is the general partner of the managing member of Integrated Core Strategies and may be deemed to have shared voting control and investment discretion over securities owned by Integrated Core Strategies. Millennium Management is also the general partner of the 100% owner of Integrated Assets and may also be deemed to have shared voting control and investment discretion over securities owned by Integrated Assets.

Millennium Group Management LLC, a Delaware limited liability company ("Millennium Group Management"), is the managing member of Millennium Management and may also be deemed to have shared voting control and investment discretion over securities owned by Integrated Core Strategies. Millennium Group Management is also the general partner of Millennium International Management and may also be deemed to have shared voting control and investment discretion over securities owned by Integrated Assets.

The managing member of Millennium Group Management is a trust of which Israel A. Englander, a United States citizen ("Mr. Englander"), currently serves as the sole voting trustee. Therefore, Mr. Englander may also be deemed to have shared voting control and investment discretion over securities owned by Integrated Core Strategies and Integrated Assets.

The foregoing should not be construed in and of itself as an admission by Millennium International Management, Millennium Management, Millennium Group Management or Mr. Englander as to beneficial ownership of the securities owned by Integrated Core Strategies or Integrated Assets, as the case may be.

OWNER NAME	DATE	SHARES HELD	CHANGE (SHARES)	CHANGE (%)	VALUE (IN 1,000\$) -
SUSQUEHANNA INTERNATIONAL GROUP, LLP	03/31/2022	57,380	25,352	79.156%	\$17
SUSQUEHANNA FUNDAMENTAL INVESTMENTS, LLC	03/31/2022	53,530	-18,095	-25.264%	\$15

CUSIP No.: 064754874	BENEFICIALLY OWNED BY:	(B) SHARED VOTING POWER:
Item 3 - Name of Issuer	3,400,000	
AYTU BioPharma, Inc. (the "Company")	(1) PERCENT OF CLASS REPRESENTED BY AMOUNT:	
Item 4 - Address of Issuer's Principal Executive Office	5.6%	
373 Inverness Parkway, Suite 206, Englewood, CO 80112		
Item 2(a) - Name of Person Filing		
This statement is filed by the entities listed below, who are collectively referred to herein as "Reporting Persons," with respect to the shares of common stock of the Company, \$0.0001 par value per share (the "Shares").		
(i) CVT Investments, Inc.		
(ii) Heights Capital Management, Inc.		
Item 2(b) - Address of Principal Business Office or, if none, Residence		
The address of the principal business office of CVT Investments, Inc. is:		
PO Box 309021	<a href="https://www.sec.gov/Archives/edgar/data/1319244/000131924421000184/AYTU_SC13G.htm">https://www.sec.gov/Archives/edgar/data/1319244/000131924421000184/AYTU_SC13G.htm</a>	
15940 Hines		
South Church Street		
George Town		
Grand Cayman		
KY1-1104		
Cayman Islands		
The address of the principal business office of Heights Capital Management, Inc. is:		
101 California Street, Suite 3250		
San Francisco, California 94111		

### Offshore Holdings in AYTU (SEC)

AYTU did not respond to my questions on what steps leadership is taking to ensure they have a full understanding of their shareholder base and the specific market factors for their equity to support effective financing in the future. Instead, a [\\$10M share offering](#) was completed on August 15, 2022, for over 23M Common Shares and Warrants at exercise prices of \$0.43 and \$0.429, respectively, while the Share Price was close to an all-time low. With over \$19M Cash on Hand, sufficient to fund operations until May 2023 (as confirmed in the previous 10Q and in the SEC filing for the offering), this public offering was driven by factors other than the immediate need for cash.

The offering announced on August 8<sup>th</sup> after hours resulted in a 50% drop in the share price, an obvious overreaction further supporting the theory of SP manipulation. Amidst all the other issues with AYTU, it is suspicious that the average daily Short Volume in the week leading up to the Offering announcement (Monday-Friday August 1-5, 2022) was 51.9% of the Total Volume reported, including 52.3% reported on Friday, August 5<sup>th</sup> before the announcement after trading hours the following Monday. The average daily Short Volume reported for the period of July 2021 – August 2022 was 36.5%. Considering all the other questionable trading and valuation concerns identified in these documents, leadership investigating why Short Volume would suddenly spike immediately preceding the public release of sensitive, confidential company information is a reasonable expectation, but no response was provided on this by AYTU when queried.

Armistice Capital exited their majority AYTU investment and their seat on the AYTU Board in the calendar year Q3 2021 when the share price was around \$3 - 5, only to re-enter in calendar

year Q1 2022 at a significantly reduced share price of \$1.25. Armistice then exited that position before the most recent June quarter-end and before the stock was walked down to the current dumpster level; likely all part of a master plan that Steven Boyd, the head of Armistice Capital, who served on the AYTU Board from 2018 to September 2021, would have had valuable insider information on. This kind of insider investment activity should warrant investigation, or at least C-Suite / Board commentary to reassure investors, especially in light of all the other information provided herein. It appears, based on a careful analysis of the AYTU history, that Armistice has led an ongoing campaign supported by other hedge funds and company leadership, to manipulate the company's equity to drive a strategy of asset collection and M&A. The tactics employed, however, appear to violate SEC rules and regulations and hurt retail investors.

In the last AYTU 10-K in September 2021 there was interesting information provided on the company's Employee Benefit Plan, which matches employee contributions to their 401K. Employee Benefits programs featuring "matching" funds to purchase company shares for an employee's 401k are a common "perk" in many public companies and are often promoted on a company's website to entice prospective recruits. In my question on this to AYTU, they would not confirm if the Company Plan is investing in AYTU shares. If they're not, it would seem reasonable for an investor to know, "why not?".

One final point regarding AYTU and insiders, the Senior Executives responsible for the AR101 Pipeline opportunity, Nate Massari and Topher Brooke, were awarded shares in lieu of the cash milestone payment for the progress with AR101 (confirmed in the last 10-Q) at these discounted levels but have not yet reported these shares in a SEC filing. AYTU has not responded to my request for clarification on this item.

## 15. Employee Benefit Plan

The Company has a 401(k) plan that allows participants to contribute a portion of their salary, subject to eligibility requirements and annual IRS limits. The Company matches 50% of the first 6% contributed to the plan by employees. The Company's match was approximately \$0.3 million and \$0.2 million during the years ended June 30, 2021 and 2020, respectively.

### *Rumpus Earn Out Payments*

On April 12, 2021, the Company acquired substantially all of the assets of Rumpus, pursuant to which the Company acquired certain rights and other assets, including key commercial global licenses with Denovo Biopharma LLC ("Denovo") and Johns Hopkins University ("JHU"), relating to **AR101**. Upon the achievement of certain regulatory and commercial milestones, up to \$67.5 million in earn-out payments, which are payable in cash or shares of common stock, generally at the Company's option, are payable to Rumpus. Under the license agreement with Denovo, the Company assumed the responsibility for paying annual maintenance fees of \$25,000, a license option fee of \$0.6 million payable in April 2022, and upon the achievement of certain regulatory and commercial milestones, up to \$101.7 million, and escalating royalties based on net product sales ranging in percentage from the low teens to the high teens. Finally, under the license agreement with JHU, the Company assumed the responsibility for paying minimum annual royalties escalating from \$5,000 to \$20,000 beginning in calendar year 2022, royalties of 3.0% of net product sales, and upon the achievement of certain regulatory and commercial milestones, up to \$1.6 million.

On December 7, 2021, upon receiving Orphan Drug Designation ("ODD") from the FDA for AR101, a milestone payment of \$2.5 million is due and payable to Rumpus in cash or in shares of the Company's common stock. The \$2.5 million milestone payment is included in our accrued liabilities in the condensed consolidated balance sheets as of March 31, 2022, and was paid in full on April 1, 2022.

On April 14, 2022, upon receiving Fast Track designation from the FDA for **AR101**, a milestone payment of \$1.5 million is due and payable to Rumpus in cash or in shares of the Company's common stock. In May 2022, the Company issued 2,188,940 shares of common stock and \$75,000 in cash for the full repayment of the amount due under the Fast Track designation milestone.

### *AYTU Insider Shares (AYTU SEC Filings)*

In early July EVP Nate Massari left AYTU after achieving the major milestones for AR101 (described above). In many organizations, the departure of a prominent senior executive responsible for a critical pipeline opportunity would merit some acknowledgment by the company. Not for AYTU:

"We have and will continue to disclose if a Name Executive Officer leaves the company, but have not made it a practice to announce other departures."

The tally of departing senior leaders and directors continues to pile up. AYTU is on its 3<sup>rd</sup> CFO in two years and had two Board members, who were appointed as part of the Neos acquisition, resign almost immediately when the rest of the Board refused to even acknowledge their initial concerns. This is the cost of bad governance and it's the shareholders that pay the price.

## **Development of the "Healight" Pipeline Asset**

The preliminary formal notification of the next phase "Healight" [clinical trial](#) start date was first published by AYTU in December 2021 through the NIH's website but since then the actual start date has been repeatedly pushed out; including most recently from June to July 2022, a six-month delay from the original December 2021 date, without any explanation to shareholders. These repeated delays in officially starting this critical trial demand an explanation from

leadership, especially after what would appear to be an extremely successful “pilot” study and ongoing [clinical research](#).

AYTU also never informed investors of the [first porcine pretrial study](#) in support of the pending human clinical trial. The study was only announced publicly in April 2022 upon its completion. AYTU has not confirmed or commented on whether the 2nd porcine study, announced in the PR, is responsible for the delay in the start of the human clinical trial.

Another interesting and unaddressed issue in the development of this breakthrough medical technology is the role of Cedars-Sinai, which is frequently an [engaged investor](#) in companies that are helping progress their inventions. Given the risks AYTU identified in the last 10-Q, a reasonable inquiry for an investor would be whether this avenue had been explored for AYTU funding support. Investors want to know why Cedars-Sinai is OR IS NOT interested in investing in the specific application of the internal UV light technology that AYTU has the rights to, and/or more likely, why they are not interested in investing in AYTU.

The AYTU [Corporate Presentation](#) states that a successful trial outcome for AR101 represents a potential \$1B estimated market for this AYTU Fast Track / Orphan status drug, demonstrating that leadership is not averse to forecasting the potential revenue opportunity for a pipeline treatment. Why has a potential TAM and revenue estimate never been provided by leadership for Healtight, especially amidst a preponderance of successful outcomes in all the clinical trials and research done on this innovative technology? Healtight appears extremely close (the first trial required only 5 days of treatment per patient) to providing substantial proof of effectiveness or non-effectiveness for treating a variety of microbes and viruses yet investors are kept largely in the dark on progress.

**Outcomes and Statistical Analysis**

The primary endpoint was the change in endotracheal aspirate SARS-CoV-2 viral load from day 0 to the last day of treatment. Secondary outcomes included treatment-emergent adverse events (TEAEs), changes in endotracheal absolute bacterial load, clinical outcomes and laboratory parameters including inflammatory markers, and changes in the WHO COVID-19 10-point ordinal scale of improvement from baseline to day 15 and 30.

GraphPad Prism 9.1.0 (GraphPad Software, San Diego, CA, US) and SAS 9.4 were used for statistical analysis. Friedman test was used to detect differences across daily viral and bacterial loads. One sample t-test was used to analyze changes in inflammatory markers and microbial loads from day 0 to day 1 [19]. Spearman rank-order test was used to assess correlations between the reduction of viral load (log<sub>10</sub>) and the improvement of WHO scale. The reduction of viral load (log) from baseline to the final endotracheal sample was defined as the slope of the linear regression between log<sub>10</sub> viral load and time point of viral load measurements. Similarly, the estimated improvement of WHO scale from baseline through day 30 was the slope of the linear regression between WHO scale and the time of WHO scale measurements. A significance level of  $\alpha = 0.05$  was used.

Subject	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5	Day 6
Age	50	50	50	50	50	50	50
Sex	M	M	M	M	M	M	M
Baseline WHO	10	10	10	10	10	10	10
Baseline Bacterial	1.0E+09	1.0E+09	1.0E+09	1.0E+09	1.0E+09	1.0E+09	1.0E+09
Baseline SARS-CoV-2	1.0E+09	1.0E+09	1.0E+09	1.0E+09	1.0E+09	1.0E+09	1.0E+09
Day 1 WHO	8	8	8	8	8	8	8
Day 1 Bacterial	1.0E+08	1.0E+08	1.0E+08	1.0E+08	1.0E+08	1.0E+08	1.0E+08
Day 1 SARS-CoV-2	1.0E+07	1.0E+07	1.0E+07	1.0E+07	1.0E+07	1.0E+07	1.0E+07
Day 2 WHO	6	6	6	6	6	6	6
Day 2 Bacterial	1.0E+07	1.0E+07	1.0E+07	1.0E+07	1.0E+07	1.0E+07	1.0E+07
Day 2 SARS-CoV-2	1.0E+06	1.0E+06	1.0E+06	1.0E+06	1.0E+06	1.0E+06	1.0E+06
Day 3 WHO	4	4	4	4	4	4	4
Day 3 Bacterial	1.0E+06	1.0E+06	1.0E+06	1.0E+06	1.0E+06	1.0E+06	1.0E+06
Day 3 SARS-CoV-2	1.0E+05	1.0E+05	1.0E+05	1.0E+05	1.0E+05	1.0E+05	1.0E+05
Day 4 WHO	2	2	2	2	2	2	2
Day 4 Bacterial	1.0E+05	1.0E+05	1.0E+05	1.0E+05	1.0E+05	1.0E+05	1.0E+05
Day 4 SARS-CoV-2	1.0E+04	1.0E+04	1.0E+04	1.0E+04	1.0E+04	1.0E+04	1.0E+04
Day 5 WHO	1	1	1	1	1	1	1
Day 5 Bacterial	1.0E+04	1.0E+04	1.0E+04	1.0E+04	1.0E+04	1.0E+04	1.0E+04
Day 5 SARS-CoV-2	1.0E+03	1.0E+03	1.0E+03	1.0E+03	1.0E+03	1.0E+03	1.0E+03
Day 6 WHO	0	0	0	0	0	0	0
Day 6 Bacterial	1.0E+03	1.0E+03	1.0E+03	1.0E+03	1.0E+03	1.0E+03	1.0E+03
Day 6 SARS-CoV-2	1.0E+02	1.0E+02	1.0E+02	1.0E+02	1.0E+02	1.0E+02	1.0E+02

WHO, WHO COVID-19 Clinical Update, 2020; WHO COVID-19 Clinical Update, 2021; WHO COVID-19 Clinical Update, 2022; WHO COVID-19 Clinical Update, 2023; WHO COVID-19 Clinical Update, 2024; WHO COVID-19 Clinical Update, 2025; WHO COVID-19 Clinical Update, 2026; WHO COVID-19 Clinical Update, 2027; WHO COVID-19 Clinical Update, 2028; WHO COVID-19 Clinical Update, 2029; WHO COVID-19 Clinical Update, 2030.

**RESULTS**

Between October 30, 2020 and November 28, 2020, five subjects were enrolled (mean age 56.60 years, three male). Baseline characteristics of the enrolled subjects are summarized in Table 1, and a summary of the timeline and key events is presented in Fig. 2. At the time of intubation, all five patients were critically ill, with WHO COVID-19 ordinal scale scores of 9 in all subjects, and with SOFA scores predicting a 21–95% mortality rate. All patients received daily 20-min treatments starting within the first 36 h following intubation, for 5 days. Baseline and day 6 ET aspirates were taken in all patients except for study subject 1 who was extubated on day 6. Hence, a total of 29 ET aspirates were analyzed.

**Primary Outcome**

Subjects had elevated viral loads at baseline (range  $3.40 \times 10^5$ – $1.64 \times 10^7$  copies/ml) except for study subject 2 who had an undetectable viral load at all time points, demonstrating that virus had cleared since the last nasal swab (Fig. 3). There was no significant correlation between symptom onset date and either baseline (Spearman  $\rho = -0.70$ ,  $p = 0.23$ ) or day 6 viral loads (Spearman  $\rho = 0.21$ ,  $p = 0.83$ ).

There was a significant reduction of SARS-CoV-2 levels in endotracheal aspirates during UVA treatment in all four subjects who had detectable SARS-CoV-2 loads at baseline. The average log<sub>10</sub> changes in endotracheal viral load from baseline to day 5 and day 6 were  $-2.41$  (range  $-1.16$  to  $-4.54$ ; Friedman  $p = 0.002$ ) and  $-3.2$  (range  $-1.29$  to  $-6.77$ ; Friedman  $p < 0.001$ ), respectively (Fig. 3, Fig. 4).

**Secondary and Clinical Outcomes**

Among the secondary outcome measures, quantification of absolute endotracheal bacterial load at baseline ranged from  $1.00 \times 10^5$  to  $1.70 \times 10^9$  CFU/ml and remained statistically unchanged during the UVA treatment sessions (Fig. 5).

The clinical course for each subject is shown in Fig. 2. WHO clinical severity scores improved by an average of 1.60 and 3.60 points on day 15 and day 30, respectively. Excluding subject 2 who had undetectable baseline viral load, WHO severity scores improved by an average of 4.75 points on day 30 (Table S1). All subjects survived except study subject 2, who was placed on consent care following intracranial hemorrhage due to ECMO-associated anticoagulation and died on ICU day 17. Interestingly, there was an association between WHO clinical severity score outcomes and viral reductions during UVA treatment. Improvement in WHO severity scores by day 30 exhibited a positive correlation with the reduction of viral load during UVA therapy (Spearman’s  $\rho = 1$ ,  $p < 0.001$ ) (Fig. 6). Following UVA therapy, there was a significant drop in C-reactive protein ( $-95.00 \pm 48.00$  mg/L,  $p = 0.04$ ) within 7 days of enrollment. Observed reductions in interleukin-6 ( $-563.90 \pm 621.40$  pg/ml,  $p = 0.12$ ) did not reach statistical significance (Table S2).

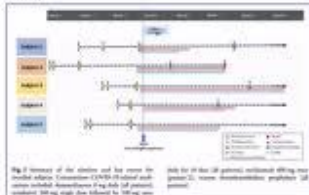


Fig. 2 Timeline of the study and key events. The enrolled subjects (enrollment COVID-19 ordinal scale scores) are shown in the top panel. The timeline of the study is shown in the bottom panel. The timeline of the study is shown in the bottom panel.

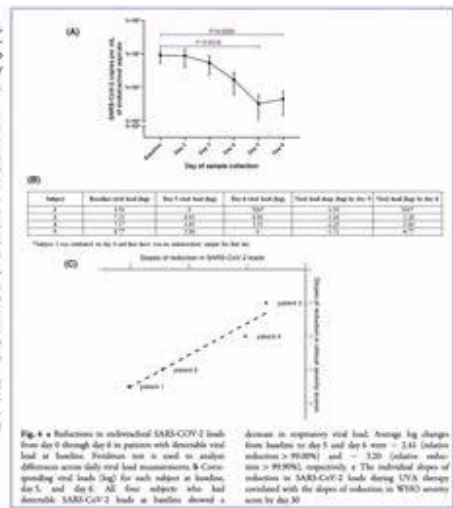


Fig. 4 Reduction in endotracheal SARS-CoV-2 loads from day 0 through day 6 in patients with detectable viral load at baseline. Friedman test is used to analyze differences across daily viral load measurements. C-reactive protein and loads (log) for each subject at baseline, day 5, and day 6. All four subjects who had detectable SARS-CoV-2 loads at baseline showed a

<https://link.springer.com/content/pdf/10.1007/s12325-021-01830-7.pdf>



*Results from the 2020 "Pilot" Trial (NIH)*

A rough estimate of the potential TAM for Healignt suggests billions of dollars in annual sales globally. Amidst the “Substantial Risk” from the 10-Q and the leadership-proposed “mitigation” (identified in the previous sections), as well as the TAM forecast the AYTU CEO provided for AR101, why would AYTU not confirm to investors the potential value assigned to Healignt as a pipeline asset?

**Healignt “Cocktail Napkin” Asset Valuation:**

- Rough estimates for the price of the Healignt device start at around \$50-100k (based on other state-of-the-art medical devices), while catheters may sell for anywhere from \$5k to over \$25k. These rough numbers facilitate some simple math:
  - There are currently over 300k VAP cases in the U.S. per year.
  - Across the U.S. there are around 6,150 hospitals.
  - You could envision every hospital having at least one Healignt device but possibly more, perhaps 5 - 10.
- The potential markets include patients with chronic infections, rhinosinusitis, bacterial infections, and bronchitis, to name a few: a multi-billion-dollar opportunity just in the U.S. alone. Then there is the global market to consider!
- The ability to add something as effective as Healignt to reduce viral and bacterial load, and potentially improve outcomes to minimize the number of days in the ICU (i.e. getting patients discharged faster) could save the healthcare system a lot of effort and cost.
- The value proposition is enormous and Aytu has a "first-mover advantage" with this technology thanks to the patent protections, and the benefit of human trial regulatory requirements for approval that any competing device will need to overcome. **A very deep "moat"!**



*"Rough" Potential Valuation for Healignt Asset (Author)*

The use of Healignt in conjunction with other pharmaceutical drugs was noted by its inventor Dr. Rezaie in a recent [video](#) that reiterated the prospects for this breakthrough technology. Amidst all the other concerns expressed herein, a suspicion exists that certain investors and stakeholders have been provided with greater insight into the development and value of this asset, driving what appears to be deliberate market manipulation. For example...

**Aytu BioPharma Announces Publication of Data Demonstrating Ultraviolet-A Light Reduces Cellular Cytokine Release from Human Endotracheal Cells Infected with Coronavirus**

July 27, 2021

ENGLWOOD, CO / ACCESSWIRE / July 27, 2021 / Aytu BioPharma, Inc. (NASDAQ:AYTU), a specialty pharmaceutical company focused on commercializing novel therapeutics and consumer healthcare products, announced today that data from a laboratory study evaluating the ultraviolet A light used in the Healight™ endotracheal catheter technology was published in the peer-reviewed journal *Photodiagnosis and Photodynamic Therapy*.

"These latest in vitro findings continue to build upon the body of scientific evidence supporting the potential of this UVA platform technology and may help to explain the observed effects of Healight in SARS-CoV-2. These findings point to the fact that UVA light demonstrated a statistically significant effect on several key secreted cytokines and chemokines that are upregulated during CoV-229E induced cytokine secretion, which may translate to a clinical benefit in SARS-CoV-2. This in vitro finding supports the further pursuit of Healight as a prospective treatment for severely ill intubated patients with difficult to treat respiratory infections, including SARS-CoV-2," commented Josh Debrock, Chief Executive Officer of Aytu BioPharma. "We continue to believe in the potential clinical utility of this treatment and look forward to initiating a larger, sham-controlled Phase 2 clinical study in Europe in the second half of 2021."

Pro-inflammatory cytokines interleukin (IL)-6 and tumor necrosis factor (TNF), and chemokines IL-8, monocyte chemoattractant protein-1 (MCP1), and interferon gamma-induced protein 10 (IP10), were significantly increased in CoV-229E-infected cells, but significantly decreased following NB-UVA treatment. Specifically, NB-UVA treatment significantly reduced secreted levels of IL-6 and TNF- $\alpha$  by at least 50%. These are two major cytokines associated with the activation of the systemic immune system and inflammatory responses and are highly correlated with COVID-19 severity and patient survival.

Beside from coronavirus, utilization of internal UVA light may have numerous other clinical applications. Aytu BioPharma will continue to engage with researchers in various therapeutic areas to continue to build on this technology platform.



**1<sup>st</sup> VAP Porcine Study:**

[https://www.sec.gov/Archives/edgar/data/1385818/000110465922049277/tm2213321d1\\_ex99-1.htm](https://www.sec.gov/Archives/edgar/data/1385818/000110465922049277/tm2213321d1_ex99-1.htm)



**ABSTRACT**

Many coronavirus disease 2019 (COVID-19) patients demonstrate lethal respiratory complications related to cytokine release syndrome (CRS). Multiple cytokines have been implicated in CRS, but levels of tumor necrosis factor superfamily 14 (TNFSF14) (LIGHT) have not been previously measured in this setting. In this study, we observed significantly elevated serum LIGHT levels in hospitalized COVID-19 patients compared to healthy age- and gender-matched control patients. The assay detected bioavailable LIGHT released by the inhibitor 3 receptor 3 (INTR3). Bioavailable LIGHT levels were elevated in patients both on and off ventilatory support, with a trend toward higher levels in patients requiring mechanical ventilation. In longitudinal patients over the age of 60, who exhibited a mortality rate of 82%, LIGHT levels were significantly higher ( $P = 0.0206$ ) in those who died than in survivors. As previously reported, interleukin 6 (IL-6) levels were also elevated in these patients, with significantly ( $P = 0.0076$ ) higher levels observed in patients who died due to sepsis, justifying the LIGHT levels. Although attempts to block IL-6 binding to its receptor have shown limited success in COVID-19 CRS, neutralization of LIGHT may prove to be more effective owing to its more central role in regulating antiviral immune responses. The findings presented here demonstrate that LIGHT is a cytokine which may play an important role in COVID-19 patients presenting with acute respiratory distress syndrome (ARDS) and CRS and suggest that LIGHT neutralization may be beneficial to COVID-19 patients.



**The AVTX (Armistice Capital) Connection:**

- One interesting but discreet point in the Trial details for the UVA light therapy is the reference to "in combination with pharmacological and/or physical measures to optimize the therapeutic outcome."
- Avalo Therapeutics is developing and has Fast Track status for a pipeline drug that targets similar factors as those in the Healight Trial.
- Are there plans to align these treatments in the future?

*AYTU Healight and AVTX (Avalo Therapeutics)*

**Other AYTU Assets and the Current Market Cap Valuation**

To do proper "Price Discovery", an investor SHOULD include all assets the company owns the rights to then apply quantitative and qualitative fundamentals to determine the potential value of a company relative to its current market valuation. Interestingly, the two Wall Street analysts providing formal coverage of AYTU (H.C. Wainwright and Cantor Fitzgerald) have provided share price projections of \$6 and \$5, respectively, but neither of these SP forecasts includes the Healight or AR101 pipeline opportunities. They only include the commercialized assets (more on this later).

## The AR101 Orphan Drug Opportunity

- Regarding a fair "valuation" based on forecasted future DCF, here's some interesting math: assuming AR101 is successful in the late-stage trials starting 2023, future annual revenue could be very significant. There are 6,000-8,000 vEDS patients in the US. Conservatively we can assume there are at least another 25,000 vEDS patients worldwide. Research suggests an average price tag of US\$10,000 / year per patient to treat rare diseases. Treating 35,000 vEDS patients per year with AR101 at the average cost cited in the study, AYTU could see potential annual revenues of **\$350M** from this pipeline drug; and the patent would have longer protection from competition because of the Orphan status.
- Two clinical trials are currently underway with Enzastaurin and both were able to commence in a late-stage because of all of the previous studies done on this molecule, which Lilly gave up on but it appears they may have been targeting the wrong type of tumor. A post-mortem assessment by Lilly of the failed trial came to a similar conclusion.



### AYTU's AR101 Pipeline Asset

AR101 and Healign are the two prominent AYTU pipeline assets, but there are also many other assets that AYTU has promoted in the past or, as is often the case with AYTU, were uncovered by inquisitive retail investors through their own due diligence. Investors are provided either very little or generally misleading information on these various "overlooked" opportunities.

For example, there has been very little disclosure by AYTU on the development of what was known as NT0502, one of only a few potential treatments for the rare disease sialorrhea, which the CEO and other key stakeholders emphasized in [public forums](#) to promote AYTU's acquisition of Neos Therapeutics. Neos' Chief Executive Officer, Jerry McLaughlin, stated:

"I firmly believe Aytu BioScience is the right partner to continue the exceptional work our team has done to build the ADHD franchise into what it is today and to continue the development of NT0502 for the treatment of sialorrhea."



**Sialorrhea: Prevalent and Excessive Drooling of Saliva Significant Burden for Many Patients Across a Variety of Neurological Disorders**



**NT0502: Developing a Potential New Treatment Option Aiming to Meet the Needs of Patients with Sialorrhea**

- Selective Pharmacological Profile Based on Predclinical Data**
  - NT0502 is a new chemical entity and anticholinergic agent that is preferentially selective for blocking muscarinic receptor subtypes predominant in salivary glands
- Potential for Fewer Systemic Side Effects Compared to Existing Treatment Options**
  - A targeted therapy may provide improved tolerability which is important when treating complex neurological patients
- Phase 1 Clinical Development Plan**
  - Top-line pharmacokinetic data in pilot pharmacokinetic study supports further clinical development
  - Planned initiation of Phase 1 single ascending and multiple ascending dose studies (SAD/MAC)
- Patent Protection Through 2032**
  - Valid patent in April 2020 directed to methods of treating sialorrhea by administering N-desethylscopolamine

<https://www.globenewswire.com/en/news-release/2020/12/10/2143034/36711/en/Aytu-BioScience-and-Neos-Therapeutics-Announce-Definitive-Merger-Agreement-Creating-a-Combined-100M-Revenue-Specialty-Pharmaceutical-Company.html>

**The "forgotten" NT0502 Opportunity?**

Program	Therapeutic Class	Target Indications	Clinical Development Stage			
			Proof of Concept	Early Stage	Mid Stage	Late Stage
<b>Sialorrhea</b>						
NT0502 (N-desethylscopolamine)	Muscarinic receptor antagonist	Chronic sialorrhea				

**Neos Therapeutics Initiates and Completes Dosing in a Phase 1 Trial of NT0502 for the Treatment of Chronic Sialorrhea**

**SALLAN AND FIRST WORTHY News, Apr. 15, 2021 (GLOBE NEWSWIRE)** – Neos Therapeutics, Inc. (NASDAQ: NTO2), a commercial stage pharmaceutical company developing and manufacturing central nervous system-focused products, today announced that it has initiated and completed dosing in a Phase 1 (first pharmacokinetic) study evaluating the safety and tolerability of NT0502 in healthy volunteers. NT0502 is a new chemical entity and selective anticholinergic agent that, based on preclinical data, is preferential for blocking muscarinic receptors in the salivary gland. The Company is developing NT0502 for the treatment of chronic sialorrhea, which is defined as persistent and excessive drooling from the mouth resulting from the inability to control oral motor and autonomic (common problems in patients with a variety of debilitating neurological conditions). Top-line pharmacokinetic data from the study is expected in the first quarter of 2022.

"There is a significant unmet need for new treatments for chronic sialorrhea that can improve the quality of life for the millions of patients with neurological conditions, such as Parkinson's disease, cerebral palsy and amyotrophic lateral sclerosis (ALS), who must also live with the associated burden of excessive drooling," said Jeff McLaughlin, President and Chief Executive Officer. "NT0502 has a novel mechanism that offers the potential of an effective treatment with an improved tolerability profile for patients relative to existing pharmacologic options for chronic sialorrhea. We are looking forward to the results of this pilot pharmacokinetic study and the continued progress of NT0502 through the clinic."

The Phase 1 trial for NT0502 is a single-dose open-label randomized study to assess the optimum exposure and safety of four ten-minute, modified release study dosing regimens of NT0502 and scopolamine in 30 healthy adults. Data from this study will provide insight into the pharmacokinetic profile of the four formulations and provide guidance on final formulation selection and dosing for future clinical trials.

**About NT0502**  
NT0502 (N-desethylscopolamine) is a new chemical entity being developed as an oral, once- or twice-daily treatment to reduce chronic sialorrhea in patients with neurological and other conditions associated with drooling and excessive salivation. Based on preclinical data, the Company believes that NT0502 offers the potential for an improved tolerability profile and an easier-to-use oral formulation, without the need for complex infusion, compared to existing treatment options. NT0502 is an active metabolite of scopolamine, an approved drug to treat a neurological condition.

**About Sialorrhea**  
Sialorrhea is defined as persistent and excessive drooling from the mouth as a result of impaired or a person's ability to control and swallow oral secretions. Sialorrhea can lead to significant physical and psychosocial complications, including posture changes, aspiration, dehydration, infection, facial pain, malnutrition and increased dependency and loss of care, all of which can pose an additional burden for these medically complicated patients. In the U.S., more than 1.4 million patients – including those suffering from Parkinson's disease, cerebral palsy, stroke, traumatic brain injury, ALS and other neurological conditions – experience sialorrhea due to neuromuscular dysfunction. Many of these patients remain untreated today because existing non-selective anticholinergic agents are associated with treatment-limiting side effects and cumbersome dosing schedules.

*The "Forgotten" NT0502 Asset*

Another asset acquired in the Neos Therapeutics acquisition was the XR-oral disintegrating tablet (ODT) technology known as Rapidly Disintegrating Ionic Masking ("RDIM"). This asset was also heralded by AYTU leadership as a very promising technology that could add value to a variety of other applications. Unfortunately, there has been minimal to no further information provided to investors on how AYTU is developing this opportunity or what is being done by leadership to further monetize the RDIM technology.

**The "rarely-mentioned" Rapidly Disintegrating Ionic Masking (RDIM) Technology Opportunity**

- Another asset obtained in the Neos Therapeutics acquisition: XR-oral disintegrating tablet (ODT) technology, known as Rapidly Disintegrating Ionic Masking (RDIM):
- This also was heralded by Aytu leadership as very promising technology that could add value in a variety of different applications.
- Unfortunately there has been minimal to no further information provided to investors on how the company is acting responsibly in the best interests of their public investors to develop this and other opportunities, which are supported in large part from equity raised in the regulated public markets.

**Technology Platform: XR Ion Resin Technology for ODT and Liquid Suspensions**

**Ability to produce XR medications in patient-friendly dosage forms, such as orally disintegrating tablets (ODT) and liquid suspensions**

- Modified-release ionic micro-particles enable complex drug release profiles by varying coatings and mixing combinations of particles with different release profiles

**Proprietary platform technology with robust IP protection**

- Technology applicable to products in many therapeutics areas such as CNS, Pain and GI

<http://test.pharmabiz.com/news/neos-therapeutics-xr-odt-platform-technology-receives-us-patent-84525>



*Aytu's RDIM Technology Asset*

The [MiOXSYS medical device](#), offloaded last year through an agreement with a private company, [Caerus Biotech](#), that includes annual performance “royalties” for AYTU, appears to be progressing very well under its new owners, including being featured prominently in a clinical trial in the Barcelona Hospital where Healign is being trialed and establishing a distribution network. Despite these advancements, investors have not been informed on how much revenue the royalty arrangement generated thus far and what AYTU expects to receive in returns from this over the next three to five years. This device is considered [“best in class”](#) in the male fertility testing market, which has a significant TAM.

### The MiOXSYS Opportunity

- In July 2021 Aytu announced a new contract with an unknown Lithuanian company, Caerus Biotechnologies (set up in May 2021) for the rights to MiOXSYS. The deal provides Aytu with annual “royalties” with zero overhead:
  - <https://mioxsys.com/#>
- In less than one year the CEO, Valdemaras Rodzko, who has a background in business development in Europe and a GSK connection like Josh and Jarrett, established a website for the product, additional offices in Austria and Switzerland, and a [medical device](#) distribution network that supports Europe, Australia, Canada, and Mexico:

Caerus Biotech website header and navigation links:

- <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7994658/>
- <https://www.mdpi.com/2076-3921/10/10/1534/htm>

- The MiOXSYS “[medical device](#)” is also in trial in the Hospital Clinic of Barcelona, like [Healign](#):

Study	Study Title	Conditions	# Studies found for MiOXSYS	Locations
Completed	Effectiveness, Safety and Pharmacokinetics of the MiOXSYS Device in Men with Hypogonadism	• Ovarian Stress	• 1	• Helsinki • Lahti, Finland • Canada
Completed	Effectiveness of the MiOXSYS Device in Men with Hypogonadism	• Ovarian Stress	• 1	• The Fertility Clinic Bonn • Bonn, Central Germany Region, Germany
Completed	Effectiveness of the MiOXSYS Device in Men with Hypogonadism	• Ovarian Stress	• 1	• Hospital Clinic Barcelona • Barcelona, Spain
Completed	Effectiveness of the MiOXSYS Device in Men with Hypogonadism	• Ovarian Stress	• 1	• Hospital Clinic Barcelona • Barcelona, Spain
Completed	Effectiveness of the MiOXSYS Device in Men with Hypogonadism	• Ovarian Stress	• 1	• American Center for Reproductive Medicine, Cleveland Clinic • Cleveland, Ohio, United States

<https://www.sec.gov/Archives/edgar/data/1385818/000155837021012825/aytu-20210630xex10d79.htm>

LinkedIn profile of Valdemaras Rodzko:

- Valdemaras Rodzko** 3rd  
CEO and Managing Director at GryNumber Health
- Pharmaceutical Licensing Group...  
Handelskammer Litauen
- 497 connections
- Message More
- Experience**
- President & Co-founder**  
Pharmaceutical Licensing Group Central and Eastern Europe  
Oct 2019 – Present · 1 yr 10 mos  
Prague
- Managing Director**  
GryNumber Health  
Jan 2014 – Present · 7 yrs 7 mos
- Business Development Manager Central Europe Area**  
GlaxoSmithKline  
Nov 2008 – Jan 2013 · 4 yrs 3 mos
- General Manager**  
Monrose Farma (GlaxoSmithKline company)  
Jan 2007 – Nov 2008 · 1 yr 11 mos
- Business Unit Director for Baltic States**  
GlaxoSmithKline  
Aug 2005 – Dec 2006 · 1 yr 5 mos

*The MiOXSYS Device*

Earlier in the year, terrific retail investor due diligence uncovered a website linking AYTU with [Amman Pharmaceutical Industries](#), a private middle eastern pharmaceutical company with a diverse array of products and services, including drug contract manufacturing, which is a front-burner initiative for AYTU. Eventually, AYTU provided a brief note on the relationship in the last 10-Q. It would appear, however, from FDA filings that this “material” relationship between Amman Pharmaceuticals and AYTU formally dates to at least November 2021, despite the public first formally hearing about it in May 2022. AYTU leadership chose to deliberately delay informing investors about this relationship and continues to play down its significance while an extreme undervaluation of AYTU persists in the market. I have reached out to the North American representative of API to discuss but have yet to receive a response.

## The AYTU ("Innovus") – Amman Pharmaceuticals Opportunity

- According to FDA filings, this relationship dates back to at least November 2021, despite the public only finding out about it in a brief note in the Q3/22 10-Q.
- It is also much more complex and promising despite being “played down” by AYTU leadership.

**Amman Pharmaceutical Industries**

**FDA Filings**  
This page includes the latest FDA filings for Amman Pharmaceutical Industries. Click on a row to find the full filing for Preclinical Submissions, Preclinical Applications, New Drug Applications and QSOX applications.

Device	Company Device	Date
Ortiz	Ortiz Medication	2022-07-01
Innovus Pharmaceuticals, Inc., AMMAN PHARMACEUTICAL INDUSTRIES		
CalentCare	Ortiz Medication	2022-01-04
Innovus Pharmaceuticals, Inc., AMMAN PHARMACEUTICAL INDUSTRIES		
Ortiz Lufuwan Eye Drops	Ortiz Medication	2021-11-13
Innovus Pharmaceuticals, Inc., AMMAN PHARMACEUTICAL INDUSTRIES		
Ortiz	Ortiz Medication	2021-11-13
Innovus Pharmaceuticals, Inc., AMMAN PHARMACEUTICAL INDUSTRIES		
Medico for Drying Drops	Ortiz Medication	2021-11-03
Innovus Pharmaceuticals, Inc., AMMAN PHARMACEUTICAL INDUSTRIES		

*AYTU-Amman Pharmaceuticals Connection (Author)*

When questioned about what appeared to be a more complex relationship than formally acknowledged, AYTU’s response was:

“The contract manufacturing you reference on the Aytu-branded website is an exploratory project we are evaluating with Amman Pharmaceuticals and is unrelated to the manufacture of our prescription products. To date, there have been no material agreements or revenues generated from this project. We are evaluating the viability of this potential business line and will discuss it in greater depth should it become material to our operations.

Why are details on all of the AYTU assets important? Back in September 2021, the Cantor Fitzgerald analyst covering AYTU provided a detailed assessment of projected financial performance to FY2030 (see table below). It resulted in a 12-month SP forecast from Cantor of \$11, not including potential revenue from any of the pipeline or other promising assets described herein. That forecast has since been revised down to \$5 despite the solid development with all of these assets and with strong progress towards profitability, which was the two key pillars supporting Cantor’s “Bullish” case scenario for AYTU. Add the possible revenue from all the "ignored" AYTU assets to CF's forecasts and the projected SP should be multiples of their stated targets. This underscores why full disclosure is so important to proper Price Discovery.



Exhibit 4: Income Statement Analysis 2020 to 2030E

September 27, 2021

(\$ in Millions, except per share amounts)

(Year Ended June 30)	2020	1Q21A	2Q21A	3Q21A	4Q21A	2021	1Q22E	2Q22E	3Q22E	4Q22E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	CAGR 2021-2030E
Total Revenue	\$27.6	\$13.5	\$15.1	\$19.5	\$23.5	\$65.6	\$22.7	\$26.9	\$29.0	\$28.2	\$106.8	\$118.5	\$128.9	\$140.4	\$153.2	\$163.9	\$187.1	\$199.9	\$253.8	16.5
COGS	7.6	3.8	6.0	13.7	12.2	35.7	9.5	11.3	12.1	11.9	44.7	41.8	42.7	46.2	52.3	57.5	65.6	76.3	87.3	
Gross Profit	20.1	9.7	9.1	(0.2)	11.3	29.9	13.2	15.7	16.9	16.3	62.0	76.7	86.2	94.3	100.9	106.4	121.4	143.6	166.5	
SG&A	34.8	11.5	12.9	12.9	20.7	57.9	18.4	18.6	18.9	19.1	75.0	75.4	75.8	76.1	76.5	76.9	77.3	77.7	78.1	
R&D	1.7	0.2	0.3	0.4	4.8	5.6	3.0	7.1	4.0	4.4	18.5	45.0	43.0	21.5	15.0	15.3	15.6	15.9	16.2	
Other (Income)/Expense	4.7	1.6	1.6	12.2	9.9	25.3	4.4	4.5	4.5	4.6	18.0	18.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	
Total Operating Expense	\$41.2	\$13.3	\$14.7	\$25.5	\$35.4	\$88.8	\$25.8	\$30.2	\$27.4	\$28.1	\$111.5	\$138.4	\$135.8	\$112.6	\$106.5	\$107.2	\$107.9	\$108.6	\$109.3	
Operating Income	(\$21.1)	(\$3.6)	(\$5.6)	(\$25.7)	(\$24.1)	(\$58.9)	(\$12.6)	(\$14.5)	(\$10.6)	(\$11.9)	(\$49.5)	(\$61.7)	(\$49.6)	(\$18.4)	(\$5.7)	(\$0.8)	\$13.5	\$35.0	\$57.2	105.5
Non-Operating Items	7.5	(0.7)	(4.0)	0.2	5.3	0.8	(0.5)	(0.5)	(0.5)	(0.5)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	
Pre-tax Income	(\$13.6)	(\$4.3)	(\$9.5)	(\$25.5)	(\$18.7)	(\$58.0)	(\$13.1)	(\$15.0)	(\$11.1)	(\$12.4)	(\$51.7)	(\$63.8)	(\$51.8)	(\$20.5)	(\$7.8)	(\$2.9)	\$11.4	\$32.8	\$55.0	
Tax Rate	0.0%	0.0%	0.0%	0.0%	-1.4%	-0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.0%	23.0%	23.0%	
Taxes	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6	7.6	12.6	
Net Income	(\$13.6)	(\$4.3)	(\$9.5)	(\$25.5)	(\$19.0)	(\$58.3)	(\$13.1)	(\$15.0)	(\$11.1)	(\$12.4)	(\$51.7)	(\$63.8)	(\$51.8)	(\$20.5)	(\$7.8)	(\$2.9)	\$8.7	\$25.3	\$42.3	120.1
Average Shares Diluted (a)	4.5	12.2	13.3	18.1	23.5	16.7	27.5	31.3	31.5	31.7	30.3	38.0	43.4	43.6	43.9	44.1	44.4	44.6	44.9	
Diluted EPS	(\$3.01)	(\$0.35)	(\$0.72)	(\$1.41)	(\$0.81)	(\$3.48)	(\$0.48)	(\$0.48)	(\$0.35)	(\$0.39)	(\$1.70)	(\$1.68)	(\$1.19)	(\$0.47)	(\$0.18)	(\$0.07)	\$0.20	\$0.57	\$0.94	118.9
% Change YOY																				

Cantor Fitzgerald's Income Projections for AYTU (October 2021)

In light of the deficiencies identified by the SEC in asset valuation by AYTU leadership (referenced earlier), it would be reasonable for an investor to expect leadership to provide timely and fulsome updates on ALL of their pipeline opportunities and "exploratory" initiatives, but those requests have not been addressed. Like most everything in AYTU's history, there is a pattern of deception and deliberate moves made to cover their tracks or do the "bare minimum" to cover their exposure from a legal perspective (such as the move to add a new "independent" Board member from the Innovus legacy to add an air of propriety to their executive compensation schemes).

Conclusion

The latest, egregious action by leadership occurred on August 15, 2022 after hours when they released a [Proxy Statement](#) calling for a special Shareholders Meeting on October 4<sup>th</sup> to vote on a Reverse Split at a ratio of up to 1 to 20, and based on shareholders of record as of August 11<sup>th</sup>, 2022, after the most recent offering of over 23M shares and warrants. This type of action is further evidence of the historical and ongoing AYTU approach of "questionable behavior and practices" that favors certain investors and stakeholders at the expense of others.

Merger Action. Between January 27, 2021 and February 25, 2021, nine lawsuits were filed related to the NeoM Merger; on January 27, 2021, Wang v. NeoM Therapeutics, Inc., et al., 1:21-cv-00095, was filed by purported NeoM stockholder Elaine Wang against NeoM and its directors in the U.S. District Court for the District of Delaware, on January 29, 2021.

On January 29, 2021, the following lawsuits were filed in the U.S. District Court for the District of Delaware: Wang v. NeoM Therapeutics, Inc., et al., 1:21-cv-00095; Wang v. NeoM Therapeutics, Inc., et al., 1:21-cv-00096; Wang v. NeoM Therapeutics, Inc., et al., 1:21-cv-00097; Wang v. NeoM Therapeutics, Inc., et al., 1:21-cv-00098; Wang v. NeoM Therapeutics, Inc., et al., 1:21-cv-00099; Wang v. NeoM Therapeutics, Inc., et al., 1:21-cv-00100; Wang v. NeoM Therapeutics, Inc., et al., 1:21-cv-00101; Wang v. NeoM Therapeutics, Inc., et al., 1:21-cv-00102; Wang v. NeoM Therapeutics, Inc., et al., 1:21-cv-00103.

On February 25, 2021, Hlav v. NeoM Therapeutics, Inc., et al., 1:21-cv-00287, was filed by purported NeoM stockholder Matthew Hlav against NeoM and its directors in the U.S. District Court for the District of Delaware. All of the cases have subsequently been dismissed and the merger actions are considered to be closed.

care, loyalty, good faith and/or disclosure by failing to disclose to our stockholders all material information necessary to make an informed decision regarding the Acquisition, Purchase Agreements, Proposals, and Charter Amendment. Among other remedies, the plaintiffs sought to hold our directors liable for allegedly breaching their fiduciary duties.

After the complaints were filed, we determined to include minor additional disclosures concerning the Acquisition, Purchase Agreements, Proposals, and Charter Amendment in a definitive proxy statement (the "Definitive Proxy") filed with the SEC on December 23, 2019 to meet plaintiffs' claims. Although we believed and continue to believe that the disclosure in the Preliminary Proxy Statement was sufficient as evidenced by the SEC's completion of its review after we responded to their comment letter, we included the minor additional disclosures to settle the plaintiffs' claims due to the costs related to litigation. On February 5, 2020, the Court approved a notice under which the plaintiffs voluntarily dismissed the Actions with prejudice as to themselves only, but without prejudice as to any other putative class member. The Court retained jurisdiction solely for the purpose of adjudicating the anticipated application of plaintiff's counsel for an award of attorneys' fees and reimbursement of expenses in connection with the supplemental disclosures included in the Definitive Proxy filed on December 23, 2019.

We subsequently agreed to pay \$125,000 to plaintiffs' counsel for attorneys' fees and expenses in full satisfaction of the claim for attorneys' fees and expenses in the Actions. The Court has not been asked to review, and will pass no judgment on, the payment of the attorneys' fees and expenses or their reasonableness.

In addition, on June 9, 2020, we agreed to pay the plaintiffs' counsel for attorneys' fees and expenses in full satisfaction of the claim for attorneys' fees and expenses in the Franchi v. Aytu BioScience Inc., et al., Case No. 1:19-cv-02204-LPS (D. Del.). We have now settled the outstanding litigation related to the Preliminary Proxy Statement.

Franchi v. Aytu BioScience:  
[https://www.sec.gov/Archives/edgar/data/1385818/000121390020014833/ea122962\\_8k\\_aytubio.htm](https://www.sec.gov/Archives/edgar/data/1385818/000121390020014833/ea122962_8k_aytubio.htm)

## The Hidden Costs Of AYTU's Questionable Practices

**Delaware Corporate Governance**  
Delaware law requires Directors to comply with their fiduciary duties, and in situations where a Company has both a "Controlling Shareholder" and a "Controlled Board," Delaware Courts can actually apply heightened scrutiny, requiring MORE to be done to protect public shareholders than in the ordinary course. This heightened scrutiny usually requires specific actions to be taken, often involved votes of unconflicted shareholders or unconflicted Board members.

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

January 26, 2021

Ms. Aytu BioScience  
Chief Executive Officer  
Aytu BioScience, Inc.  
175 Innovation Parkway, Suite 200  
Englewood, Colorado 80112

Re: Aytu BioScience, Inc.  
Form 10-K for the Fiscal Year Ended June 30, 2020  
Filed September 28, 2020  
File No. 001-38581

Dear Ms. Director:

We have limited our review of your filing to the financial statements and annual disclosures and have the following comments. In some of our comments, we may ask you to provide us with information or to take other action to improve your disclosures.

Please respond to our comments within the business days by providing the requested information or advice as an exhibit to your filing, if you do not believe our comments apply to your facts and circumstances, please tell us why in your response.

After reviewing your responses to these comments, we may have additional comments.

Item 20-K, to the Fiscal Year Ended June 30, 2020.

Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations: Results of Operations, Comparison of the years ended June 30, 2021 and 2020, page 10

1. We advise your disclosures attributing material fluctuations in your revenues, costs and expenses to multiple factors. In future filings, please quantify each factor cited so that investors may understand the magnitude and relative impact of each factor. For example, you should quantify the impact of material acquisitions on revenue and costs of revenues as well as the amount of revenue loss attributed to discontinued operations. Also consider providing greater disclosures by product or product grouping. In addition, future filings should separately quantify research and development expenses for each product candidate for which significant commitments were made during the periods, e.g., for AR101 and Hologate. Refer to Item 20(K) of Regulation S-K.

Global Accounting Elements, Supplemental Long-Term Assets, page 103

2. We note your disclosure related to goodwill. Future Goodwill impairment on page 9-23. In regards to your goodwill and the related impairment evaluation, please review your filings. Filings to identify the at risk reporting units (i.e., fair value is not substantially in excess of the carrying value) and disclose the percentage by which fair value exceeded carrying value as of the date of the most recent test and the amount of goodwill allocated to the reporting unit.

Item 55, Controls and Procedures, page 108

3. We note your disclosure in the first paragraph under Evaluation of Disclosure Controls and Procedures that as of June 30, 2021 as a result of the material weakness in internal control over financial reporting, your disclosure controls and procedures were not effective. Please explain to us how you concluded that your internal control over financial reporting is effective as of June 30, 2021.

In closing, we remind you that the company and its management are responsible for the accuracy and adequacy of their disclosures, not including any omissions, comments, advice or opinions of us or the staff.

You may contact Krista Lindblad at (202) 955-1844 or Brian Cassin, Accounting Branch Staff, at (202) 955-1676 with any questions.

Sincerely,  
Director of Corporate Finance  
Office of Life Sciences

### The Hidden Costs of Bad Practices

While investors need to take responsibility and manage their risk, there is also a reasonable expectation on the part of consumers that people in leadership positions of public entities will uphold their "duty of care" to all stakeholders. When this line is crossed, it is up to the regulatory bodies tasked with overseeing those marketplaces to investigate and, if necessary, intervene. I have submitted my concerns to the Securities & Exchange Commission ([SEC Investor Complaint Form](#)) to review these perceived issues and render a professional opinion on their merits.

There appears to be a great deal of value in the AYTU assets and the Company's resources but this will never be reflected in the share price or market cap until those responsible for the corruption are held accountable. The ends never justify the means when those ends are based on deception and cause harm to many while enriching a few.