



Quarterly Update

May 31, 2018

Dear Stockholders,

I am delighted to report that Helix BioMedix continues to move forward on the path to profitability. Demand for our peptides has increased, revenue and growth rates are expanding and we anticipate continued progress.

Due to our audit schedule, our Q1 2018 unaudited results are available prior to our 2017 end-of year audited financials. The 2017 annual results will be provided in the Stockholders letter that is mailed with our proxy. We also plan to post the letter on our website.

We are pleased to report that our Q1 revenues were up 51% from the same period previous year. The total revenue for the first quarter of 2018 was \$1,056,000 compared to \$698,000 for the same period in 2017. Given the nature of the personal care ingredients market, manufacturing cycles and product launch builds, quarterly revenues can fluctuate substantially. Gross profits for the first quarter of 2018 were \$747,000 compared to \$596,000 for the same period in 2017 and reflect a greater peptide sales (low margin) to royalty ratio. Operating expenses for the first quarter of 2018 were \$673,000 compared to \$693,000 for the first quarter of 2017. Consequently, we showed a net income of \$86,000 for the first quarter of 2018 compared to a net loss of (\$149,000) in the same period of 2017.

The company's non-cash stock expense fluctuates substantially from quarter to quarter. As a result, the company's management and board of directors exclude this expense from our operating expenses and from our operating losses during our internal analysis of the company's performance. This information has been added to the table below.

Select Financial Highlights (000's)

(unaudited)

<i>Item</i>	<i>1Q 2018</i>	<i>1Q 2017</i>
<i>Revenue</i>	\$1,056	\$698
<i>Gross Profits</i>	\$747	\$596
<i>Operating Expenses</i>	\$673	\$693
<i>Excluding Stock Expense</i>	\$613	\$631
<i>Operating profit (loss)</i>	\$74	(\$97)
<i>Excluding Stock Expense</i>	\$134	(\$35)
<i>Cash + A/R – A/P</i>	\$2,859	\$2,301

Our most important revenues are generated from our high margin licensing agreements and consumer product sales. Our licensing revenues are royalty-based and, therefore, carry no cost of goods. While royalty payments appear to be "pure profit," we must measure this royalty income against the costs required to support our ongoing patent obligations and the development/production costs required to support our licensing partners and generate new pipeline opportunities. Royalty revenues can fluctuate from quarter to quarter based on new product launches and seasonal variation.

Our licensees for personal care peptides, Evonik and Grant Industries participated in leading industry tradeshows this April and May and there was strong interest in our peptides.

The company's research and development efforts remain focused on generating peptides that have near term commercialization potential as well as longer term pipeline opportunities. During the quarter, we continued to grow our intellectual property portfolio. We continue our efforts in our early drug discovery program with peptides for psoriasis.

The overall direction of the company continues to be positive. We look forward to keeping you informed of our progress. The demand for high quality peptides from our partners continues to be strong. We continue to remain optimistic that we will see year-over-year gross product growth while exercising financial discipline in the management of our expenses.

Sincerely,



Robin L. Carmichael
President & Chief Executive Officer

Please take note:

AST (our stock transfer agent) has advised us that some of our stockholders did not submit their letter of transmittal when we performed our reverse split in 2012 and therefore, the state you resided in at the time of the reverse split, will begin escheatment process on your stock. This essentially means that if you did not turn in the letter of transmittal, the state will claim your non exchanged Helix Biomedix stock. You will also start receiving letters from LINK asking you to pay a fee to exchange your shares. If your stock is escheated in the future, please go to your state's unclaimed property website to reclaim your shares back. **In order to avoid escheatment, we strongly suggest that you submit your letter of transmittal to avoid the issue by contacting AST directly. You can either call AST or send an email to request a duplicate Letter of Transmittal for the unexchanged shares of Helix BioMedix.**

Shareholder Services: (AST's Call Center is open Monday through Friday, 8am to 8pm ET.	(800) 937-5449 (718) 921-8124 or Email directly at info@amstock.com
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Evonik, the creative industrial group from Germany, is one of the world leaders in specialty chemicals. Profitable growth and a sustained increase in the value of the company form the heart of Evonik's corporate strategy. Its activities focus on the key megatrends health, nutrition, resource efficiency and globalization. Evonik benefits specifically from its innovative prowess and integrated technology platforms. In 2015 Evonik's more than 33,500 employees generated sales of €13.5 billion and adjusted EBITDA of €2.47 billion. The adjusted EBITDA margin was 18.2 percent and ROCE was 16.6 percent. More than 80 percent of sales are generated outside Germany.



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Founded in 1938, Grant Industries is a privately held company involved in the research, development, manufacturing, and marketing of specialty performance chemicals. A leading global provider to the personal care industry, Grant Industries dedicates its business on superior quality and customer service. Operations are conducted out of two main facilities; Grant Industries-USA in Elmwood Park, NJ and Grant Industries-Asia in Beijing, China. Its worldwide distribution network covers all key markets in the Americas, Europe, the Middle East, Africa, Asia, and Australia.