



February 28, 2024

Dear Fellow Stockholders,

I would like to take this opportunity to provide an update to our valued stockholders regarding our fourth quarter 2023 financials and our preclinical rare disease program.

Select Q4 2023 Results (unaudited)

Our (unaudited) fourth quarter financial results are now available. The total revenue for the fourth quarter of 2023 was \$312,000 compared to \$346,000 for the same period in 2022. This reflected reduced royalties related to expired patents and market conditions. Gross profits for the fourth quarter of 2023 were \$312,000 compared to \$346,000 for the same period in 2022. Operating expenses for the fourth quarter of 2023 were (\$451,000) compared to (\$662,000) for the fourth quarter of 2022. The operating loss was (\$114,000) in the fourth quarter of 2023 compared to (\$316,000) in the fourth quarter of 2022. 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.

Select Financial Highlights (000's)			
<i>Item</i>	Q4 2023	Q4 2022	
<i>Revenue</i>	\$312	\$346	
<i>Gross Profits</i>	\$312	\$346	
<i>Operating Expenses</i>	(\$451)	(\$662)	
<i>Excluding Stock Expense</i>	(\$426)	(\$609)	
<i>Operating profit (loss)</i>	(\$139)	(\$316)	
<i>Excluding Stock Expense</i>	(\$114)	(\$263)	
Cash + A/R – A/P December 31	\$2,839	\$3,654	

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 product opportunities. Our licensing activities continue to provide us with an ongoing royalty stream.

We currently have two primary licensed distributors of our peptide technologies into the personal care market. These partners command a strong presence in the marketplace and represent our portal to industry leaders that a small company such as ours could not easily and quickly access directly.

As a reminder, due to our audit schedule, we will be sharing our Q1 results for 2024 prior to our end-of year results for 2023. The fiscal year 2023 results will be shared in the stockholder letter that is mailed with our proxy. We also plan to post the letter on our website.

Rare Disease Program

Rare diseases are classified in the United States as those afflicting fewer than 200,000 individuals. The FDA has established the Orphan Drug Program to help incentivize companies to pursue drugs for the treatment of rare diseases. The Orphan Drug Act includes a number of incentives, currently including expanded access to the Investigational New Drug (IND) Program, grants for drug development, a waiver of user fees charged under the Prescription Drug User Fee Act (PDUFA), fast-track approvals, tax credits, and 7-year market exclusivity for an approved orphan drug.

Helix BioMedix is developing HB4208 for treatment of the rare disease, Xeroderma Pigmentosum (XP). It is an inherited skin disorder characterized by hypersensitivity to the sun and ultraviolet (UV) rays. Individuals with XP are highly susceptible to DNA damage caused by UV light due to either lack of the normal repair mechanism or defective repair pathways to manage the damage. XP is a devastating disease for which there is currently no known cure and that significantly impacts both quality of life and life expectancy.

HB4208 is a polypeptide DNA Damage Response (DDR) enzyme that is based on repair pathways necessary to prevent cancerous mutations and maintain skin homeostasis. In early proof of concept work, the first-generation DDR enzyme demonstrated positive results to modulate UV-induced DNA damage and reduce skin lesions in an animal model. We are using an agile drug development approach to leverage resources while managing expenses. Our team of contract research organizations (CRO) and contract development and manufacturing organizations (CDMO) give us access to specialists without building excessive infrastructure. While the current environment is challenging, we are moving forward with enthusiasm and commitment to our rare disease program.

Patents

Helix BioMedix has a significant patent portfolio with over 200 patents worldwide. One of the company's cosmetic peptide patents expired in 2021 and two additional cosmetic peptide patents expired in 2022. The remaining peptide patents expire in a range from February 2026 to May 2034.

Closing Comments

While there are significant challenges that must be overcome to get a new drug to market, we believe our preclinical program to develop HB4208 as a topical drug for the treatment of the rare dermatological condition, Xeroderma Pigmentosum, may provide an opportunity for additional long-term value creation. The Helix BioMedix team is committed to excellence and dedicated to bringing new scientific innovation to the dermatology market.

Your management and Board are focused on the important tasks ahead of us and will inform you along the way as events unfold. Future progress and business highlights will continue to be posted on our website at www.helixbiomedix.com.

Sincerely,



Robin L. Carmichael

President & Chief Executive Officer

www.helixbiomedix.com

Forward Looking Statements

This document contains forward-looking statements (statements which are not historical facts) within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding activities, events or developments that the company expects, believes or anticipates may occur in the future, including statements related to its potential growth, product development and commercialization and revenue. A number of factors could cause actual results to differ from those indicated in the forward-looking statements, including the company's ability to successfully raise additional capital, develop effective drug candidates, enter into revenue generating license agreements, continue its research and development efforts, including pre-clinical and clinical studies, and general economic conditions. Readers are cautioned that such forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those set forth in the forward-looking statements. The company undertakes no obligation to publicly update or revise forward-looking statements to reflect subsequent events or circumstances.

Helix BioMedix, Inc.

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