



A Letter from the CEO

July 12, 2024

Dear Fellow Stockholder,

Thank you for your continued interest in and support of Helix BioMedix, Inc. In this letter, I will share key highlights of the company's activities.

2023 Financial Review

In May 2024, Moss Adams, LLP, our independent registered public accounting firm, concluded a review of our 2023 financial statements and reported that "based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America".

Select 2023 Financial Results (unaudited)

Here are five significant financial results comparing 2023 to the prior year (in thousands):

Category	2023	2022
Revenue	\$998	\$1755
Gross Profits	\$998	\$1752
Operating Expenses	\$2,105	\$2,961
Excluding Stock Expense	\$1,895	\$2,695
Operating Profit (loss)	(\$1,107)	(\$1,206)
Excluding Stock Expense	(\$897)	(\$940)
Year End Cash & Short-Term Investments	\$2,570	\$3,434

The company's non-cash stock expense fluctuates substantially from quarter to quarter. As a result, we exclude this expense from our operating expenses and from our operating losses during our internal analysis of the company's performance. The table above reflects this exclusion.

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). XP 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. During 2023, our preclinical program focused on refinements in the structure of the protein enzyme to improve stability and manufacturing yields. We look forward to providing future updates.

Legacy Peptide Business

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. Both Evonik Industries and Grant Industries have a global scope of business.

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

We believe our preclinical program to develop HB4208 as a topical drug for the treatment of the rare dermatological condition, Xeroderma Pigmentosum, may provide opportunities for additional long-term value creation. The Helix BioMedix team is committed to excellence and dedicated to use our best efforts to bring new scientific innovation to the dermatology market.

We hope that you have found this update informative. It is our objective to communicate on an ongoing basis with all stockholders. Despite the absence of formal SEC filings, we intend to maintain a continuing flow of information. 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

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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, feasibility of its rare disease program 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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