Lyra Therapeutics Announces Closing of $100.5 Million Private Placement

April 13, 2022

Private placement priced at-the-market under Nasdaq rules

Proceeds to support Lyra's ongoing clinical development of LYR-210 and LYR-220

Proceeds, combined with existing cash and expected milestone payments, supports extension of cash runway into mid-2024

WATERTOWN, Mass., April 13, 2022 /PRNewswire/ -- Lyra Therapeutics, Inc. (Nasdaq: LYRA), a clinical-stage therapeutics company leveraging its proprietary XTreo™ platform to enable precise, sustained and local delivery of medications to the ear, nose and throat (ENT) passages, today announced the closing of its previously announced private placement of common stock (or, in lieu thereof, pre-funded warrants to purchase common stock), resulting in gross proceeds of approximately $100.5 million**.** The private placement syndicate was comprised of leading healthcare groups, including new investors, such as funds affiliated with Venrock Healthcare Capital Partners, funds managed by Nantahala Capital Management, LLC and Samsara BioCapital, as well as existing investors, such as funds affiliated with Perceptive Advisors, North Bridge Venture Partners and Pura Vida Investments. Proceeds from the financing, net of placement agent fees and expenses, will support Lyra's ongoing clinical development of LYR-210 and LYR-220, as well as working capital and general corporate purposes.

In the private placement, investors had the option to purchase either (a) shares of the Company's common stock at a price of $4.22 per share, or (b) in lieu thereof, pre-funded warrants to purchase shares of the Company's common stock, with an exercise price of $0.001 per share, at a purchase price of $4.219 per share (for aggregate consideration equating to $4.22 per share). Accordingly, pursuant to the securities purchase agreement, (i) certain investors purchased an aggregate of 18,815,159 shares of common stock at the purchase price described in the foregoing sentence and (ii) certain investors purchased pre-funded warrants to purchase an aggregate of 5,000,000 shares of common stock, with the exercise price and at the purchase, in each case, described in the foregoing sentence. Each pre-funded warrant is exercisable immediately.

"This financing represents a strong endorsement of Lyra's drug candidates addressing the millions of patients with chronic rhinosinusitis (CRS) that fail medical management each year. After conducting substantial diligence to understand our technology, data, ongoing clinical programs and the commercial outlook for our product candidates, we are pleased to welcome many new leading healthcare investors to our shareholder base, and we are appreciative of the continued support of our existing investors," said Maria Palasis, PhD, President and Chief Executive Officer of Lyra Therapeutics. "We anticipate that this runway will bring the Company through pivotal data readouts for the Phase 3 ENLIGHTEN program for LYR-210 as well as the readout on the Phase 2 BEACON study for LYR-220."

Lyra ended 2021 with cash and cash equivalents of $45.7 million. Combined with the net proceeds from the private placement and expected collaboration milestone payments, the Company anticipates that it will have sufficient cash and cash equivalents to fund current planned operations into mid-2024.

"This significant financing is an important indication of investor enthusiasm for Lyra's product candidates and management team," said Harlan W. Waksal, MD, Executive Chairman of Lyra Therapeutics. "We are now positioned to further build on a track record of success, addressing the unmet need of millions of CRS patients and the resulting global commercial opportunity."

MTS Securities, LLC, an affiliate of MTS Health Partners, L.P., served as the exclusive placement agent in the financing.

The Company has agreed to file a registration statement with the Securities and Exchange Commission covering the resale of 15,521,322 shares of common stock issued to, or issuable upon exercise of pre-funded warrants issued to, certain of the investors in the private placement. The Company has agreed to amend and restate its existing investor rights agreement to provide certain registration rights thereunder with respect to the remaining 8,293,837 shares of common stock issued to investors in the private placement.

The securities sold in this private placement have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the U.S. except pursuant to an effective registration statement or an applicable exemption from the registration requirements.

This press release shall not constitute an offer to sell or a solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such state or other jurisdiction.

About Lyra Therapeutics

Lyra Therapeutics, Inc. is a clinical-stage therapeutics company leveraging its proprietary XTreo™ platform to enable precise, sustained, local delivery of medications to diseased tissues not accessible with conventional therapeutic approaches. Lyra's XTreo™ platform is comprised of a biocompatible mesh scaffold, an engineered elastomeric matrix and a versatile polymer-drug complex. The company's current pipeline of therapeutics target tissues deep in the ear, nose and throat passages and are designed to deliver continuous drug therapy for up to six months following a single non-invasive, in-office administration. Lyra has two product candidates in development for CRS, a highly prevalent inflammatory disease of the paranasal sinuses which leads to debilitating symptoms and significant morbidities: LYR-210, for surgically naïve patients, and LYR-220, for patients who have recurrent symptoms despite surgery. Together they are designed to treat the estimated four million CRS patients in the U.S. that fail medical management each year. For more information, please visit www.lyratherapeutics.com and follow us on LinkedIn and Twitter.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this press release that do not relate to matters of historical fact should be considered forward-looking statements, including statements regarding our pipeline of product candidates, the enrollment and success of the ENLIGHTEN II Phase 3 study, the enrollment and success of the Phase 2 BEACON study, the success of the XTreo™ platform, presentation of additional clinical data at COSM, and our ability to capture market share. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause the company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following: the fact that the company has incurred significant losses since inception and expects to incur losses for the foreseeable future; the company's need for additional funding, which may not be available; the company's limited operating history; the fact that the company has no approved products; the fact that the company's product candidates are in various stages of development; or the fact that the company may not be successful in its efforts to identify and successfully commercialize its product candidates; the fact that clinical trials required for the company's product candidates are expensive and time-consuming, and their outcome is uncertain; the fact that the FDA may not conclude that certain of the company's product candidates satisfy the requirements for the Section 505(b)(2) regulatory approval pathway; the company's inability to obtain required regulatory approvals; effects of recently enacted and future legislation; the possibility of system failures or security breaches; effects of significant competition; the fact that the successful commercialization of the company's product candidates will depend in part on the extent to which governmental authorities and health insurers establish coverage, adequate reimbursement levels and pricing policies; failure to achieve market acceptance; product liability lawsuits; the fact that the company relies on third parties for the manufacture of materials for its research programs, pre-clinical studies and clinical trials; the company's reliance on third parties to conduct its preclinical studies and clinical trials; the company's inability to succeed in establishing and maintaining collaborative relationships; the company's reliance on certain suppliers critical to its production; failure to obtain and maintain or adequately protect the company's intellectual property rights; failure to retain key personnel or to recruit qualified personnel; difficulties in managing the company's growth; effects of natural disasters, terrorism and wars (including the developing conflict between Ukraine and Russia); the fact that the global pandemic caused by COVID-19 could adversely impact the company's business and operations, including the company's clinical trials; the fact that the price of the company's common stock may be volatile and fluctuate substantially; significant costs and required management time as a result of operating as a public company and any securities class action litigation. These and other important factors discussed under the caption "Risk Factors" in the company's Annual Report on Form 10-K filed with the SEC on March 9, 2022 and its other filings with the SEC could cause actual results to differ materially from those indicated by the forward-looking statements made in this press release. Any such forward-looking statements represent management's estimates as of the date of this press release. While the company may elect to update such forward-looking statements at some point in the future, it disclaims any obligation to do so, even if subsequent events cause its views to change.

Investor Contact:
Argot Partners
212-600-1902
lyra@argotpartners.com

Media Contact:
Kathryn Morris
914-204-6412
kathryn@theyatesnetwork.com

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