Lyra Therapeutics Announces Closing of $50.0 Million Private Placement

June 1, 2023

WATERTOWN, Mass., June 01, 2023 (GLOBE NEWSWIRE) -- Lyra Therapeutics, Inc. (Nasdaq: LYRA) ("Lyra" or the "Company"), a clinical-stage biotechnology company developing innovative therapies for the localized treatment of chronic rhinosinusitis (CRS), today announced the closing of its previously announced private placement of common stock, pre-funded warrants to purchase common stock and purchase warrants to purchase common stock, resulting in gross proceeds of approximately $50.0 million. The private placement includes participation from new and existing investors, including Perceptive Advisors, Venrock Healthcare Capital Partners, Armistice Capital, Surveyor Capital (a Citadel company), North Bridge Venture Partners, Nantahala Capital, Samsara BioCapital, and Woodline Partners LP.

"We are pleased by the support from this high-quality group of investors as we complete our pivotal clinical trials of LYR-210 and advance our in-house commercial manufacturing capabilities to bring our localized drug therapy to CRS patients and physicians," said Maria Palasis, Ph.D., President and Chief Executive Officer of Lyra. "This financing strengthens our balance sheet beyond key milestones, including the completion of ENLIGHTEN I, with topline results anticipated in the first half of 2024."

Lyra ended the first quarter of 2023 with cash, cash equivalents and short-term investments of $82.7 million. Combined with the net proceeds from the private placement, the Company anticipates that it will have sufficient cash, cash equivalents and short-term investments to fund current planned operations into the first quarter of 2025.

"This offering gives us greater leverage to achieve our key objectives over the next year," said Harlan W. Waksal, MD, Executive Chairman of Lyra Therapeutics. "In addition to providing resources and the flexibility to advance our late-stage product candidates, the financing enhances our ability to complete activities required for regulatory submission of LYR-210 and strengthens the foundation for our in-house commercial manufacturing operations."

Under the terms of the private placement, Lyra issued and sold (i) approximately 17.7 million shares of the Company's common stock and pre-funded warrants to purchase approximately 2.4 million shares of the Company's common stock, with an exercise price of $0.001 per share, and (ii) accompanying common stock purchase warrants to purchase approximately 10.0 million shares of common stock, with an exercise price of $2.673 per share. The combined effective purchase price per share (or pre-funded warrant to purchase one share) and accompanying purchase warrant to purchase one-half of one share was $2.4925 (less the exercise price of the pre-funded warrant, if applicable). Each pre-funded warrant will be exercisable immediately and will expire on May 31, 2028. Each common stock purchase warrant will be exercisable at any time on or after November 30, 2023 and will expire on November 30, 2028.

Cantor Fitzgerald & Co. and William Blair & Company, L.L.C. acted as joint lead placement agents for the financing. H.C. Wainwright & Co. acted as co-placement agent for the financing.

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 the foregoing 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 biotechnology company developing therapies for the localized treatment of patients with chronic rhinosinusitis (CRS). Lyra has two investigational product candidates, LYR-210 and LYR-220, in late-stage development for CRS, a highly prevalent inflammatory disease of the paranasal sinuses which leads to debilitating symptoms and significant morbidities. LYR-210 and LYR-220 are bioresorbable nasal implants designed to be administered in a brief, in-office procedure and are intended to deliver six months of continuous mometasone furoate drug therapy (7500µg MF) to the sinonasal passages. LYR-210 is designed for surgically naïve patients and is being evaluated in the ENLIGHTEN Phase 3 clinical program, while LYR-220, an enlarged implant, is being evaluated in the BEACON Phase 2 clinical trial in patients who have recurrent symptoms despite having had prior ethmoid sinus surgery. These two product candidates are designed to treat the estimated four million CRS patients in the United States who fail medical management each year.

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 the Company's cash runway into the first quarter of 2025, the Company's pipeline of product candidates, the enrollment and success of the ENLIGHTEN Phase 3 program, the timing for reporting top line data from the Company's clinical trials, the Company's ability to manufacture its product candidates in-house, the safety and efficacy of the Company's product candidates and the success of the Phase 2 BEACON trial. 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 additional losses for the foreseeable future; the Company's need for additional funding and ability to operate as a going concern, 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; the fact that the Company has never scaled up an in-house manufacturing facility for commercial use; 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 must scale its in-house manufacturing capabilities or rely on third parties for the manufacture of materials for its research programs, pre-clinical studies and clinical trials and commercial supply; 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 war 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 Quarterly Report on Form 10-Q filed with the SEC on May 12, 2023 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.

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