UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO**

Commission File Number 001-39273

Lyra Therapeutics, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**84-1700838**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
480 Arsenal Way Watertown, MA	**02472**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (617) 420-8858

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.001 par value per share	LYRA	The Nasdaq Capital Market

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of outstanding shares of common stock held by non-affiliates of the registrant, based on the closing price of the shares of common stock on The Nasdaq Global Market on June 30, 2025, the last business day of the registrant's most recently completed second fiscal quarter, was $11,123,580. For purposes of this disclosure, shares of common stock held by officers and directors of the registrant and by persons who hold more than 10% of the registrant's outstanding common shares have been excluded because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily conclusive.

The number of shares of the registrant's Common Stock, $0.001 par value per share, outstanding as of March 27, 2026 was 1,774,882.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact contained in this Annual Report on Form 10-K are forward-looking statements, including but not limited to statements regarding:

- the sufficiency of our cash and cash equivalents to fund our operations;
- our ability to raise significant additional capital to fund a third Phase 3 trial of LYR-210, if ever;
- our ability to continue as a going concern;
- our evaluation of strategic transactions, if any, to maximize shareholder value;
- our estimates and statements regarding our financial position;
- the market for our common stock after it is no longer listed on Nasdaq Capital Market;
- our intellectual property position;
- our competitive position and developments and projections relating to our competitors or our industry;
- the impact of laws and regulations;
- risks associated with international terrorism, political unrest, and wars, or other events such as the COVID-19 pandemic, which may adversely impact our business and clinical trials;
- our business strategy;
- our projected research and development costs; and
- the plans and objectives of management for future operations.

These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” “would” or “continue” or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words or expressions. The forward-looking statements in this Annual Report on Form 10-K are only predictions and are based largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. These forward-looking statements speak only as of the date of this Annual Report on Form 10-K and are subject to a number of known and unknown risks, uncertainties, and assumptions, including those described under the sections in this Annual Report on Form 10-K entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Annual Report on Form 10-K. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified and some of which are beyond our control, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements.

Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. You should read this Annual Report on Form 10-K and the documents that we reference in this Annual Report on Form 10-K completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances, or otherwise.

SUMMARY RISK FACTORS

Our business is subject to numerous risks and uncertainties, including those described in Part II, Item 1A. "Risk Factors" in this Annual Report on Form 10-K. You should carefully consider these risks and uncertainties when investing in our common stock.

The principal risks and uncertainties affecting our business include the following:

- on January 9, 2026, our Board of Directors approved a plan to suspend further development of LYR-210, our lead product candidate for the treatment of chronic rhinosinusitis, and to implement a cost reduction plan that includes a workforce reduction impacting substantially all of our remaining employees, effective January 12, 2026, and other cost-saving actions to preserve capital;
- any potential financial or strategic option we pursue in order to maximize shareholder value may not result in the identification of a suitable transaction, or if one is identified and pursued, may not be completed on attractive terms, or at all;
- being delisted from the Nasdaq Stock Market LLC could harm our business, the trading price of our common stock, our ability to raise additional capital and the liquidity of the market for our common stock;
- we need significant additional funding in order to complete development of, manufacture, and obtain regulatory approval for our product candidates and commercialize our products, if approved, including the funding necessary to complete a third Phase 3 trial in LYR-210;
- we are attempting to sublease or assign our three leaseholds, which represent significant operating costs, and there can be no assurance that we will accomplish this effort on favorable terms, or at all, which would adversely affect our business, results of operations and financial condition;
- we have incurred significant losses since inception and expect to incur significant additional losses for the foreseeable future, and we may never achieve or maintain profitability;
- our recurring losses from operations raise substantial doubt regarding our ability to continue as a going concern;
- developments by competitors may render our products or technologies obsolete or non-competitive or may reduce the size of our markets;
- our business is highly dependent on the success of our most advanced product candidate, LYR-210, which requires on-going clinical testing including another Phase 3 trial, before we can seek regulatory approval and potentially launch our product. If LYR-210 does not receive regulatory approval or is not successfully commercialized, or is significantly delayed in doing so, our business will be harmed;
- clinical trials required for our lead product candidate and any future product candidates are expensive and time-consuming, their outcome is uncertain, and if our clinical trials do not meet safety or efficacy endpoints in these evaluations, or if we experience significant delays in these trials, our ability to commercialize our product candidates and our financial position will be impaired;
- we rely on third parties to conduct our pre-clinical studies and clinical trials. Any failure by a third party to conduct the clinical trials according to good clinical practices and in a timely manner may delay or prevent our ability to seek or obtain regulatory approval for or commercialize our product candidates;
- the successful commercialization of our 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 obtain or maintain coverage and adequate reimbursement for our product candidates, if approved, could limit our ability to market those products and decrease our ability to generate revenue;
- if we are unable to obtain, maintain, or adequately protect our intellectual property rights, we may not be able to compete effectively in our market; and

- international terrorism, political unrest, and wars, or other events such as COVID-19 have previously and could in the future adversely impact our business and operations, including our clinical trials.

PART I

Unless the context requires otherwise, we use the terms "Lyra," "the Company," "we," "us," "our" and similar designations in this Annual Report on Form 10-K to refer to Lyra Therapeutics, Inc. and its wholly-owned subsidiary.

Overview

We have historically been a clinical-stage biotechnology company focused on the development and commercialization of innovative, anti-inflammatory therapies for the localized treatment of patients with chronic rhinosinusitis, or CRS. CRS is an inflammatory disease of the paranasal sinuses which leads to debilitating symptoms and significant morbidities and affects approximately 14 million people in the United States.

In May 2024, we announced topline results from the Company's Phase 3 ENLIGHTEN 1 trial evaluating LYR-210, a bioabsorbable nasal implant designed to be administered in a simple, in-office procedure and intended to deliver six months of continuous anti-inflammatory drug therapy to the sinonasal passages for the treatment of CRS. ENLIGHTEN 1 did not meet its primary endpoint of demonstrating statistically significant improvement compared to sham control in 3CS at 24 weeks in patients without nasal polyps. Following this announcement, we reported a reduction in force of approximately 75% of our workforce, impacting 87 employees, in addition to other cost-saving measures in order to preserve capital, including the stoppage of commercialization efforts for LYR-210 and pausing development efforts for LYR-220, which is substantially similar to LYR-210 and also directed at patients living with CRS, but employs a larger implant designed for patients whose nasal cavity is larger including those patients who have undergone ethmoid sinus surgery. The Company also paused the manufacturing of both LYR-210 and LYR-220.

On June 2, 2025, we reported positive results from the Phase 3 ENLIGHTEN 2 trial evaluating LYR-210 as a six-month treatment of CRS. ENLIGHTEN 2 met its primary endpoint of demonstrating statistically significant improvement compared to sham control in the composite score of the three cardinal symptoms (3CS) of CRS (nasal obstruction, nasal discharge, facial pain/pressure) at 24 weeks in patients without nasal polyps. The ENLIGHTEN 2 trial also met the key secondary endpoints of 3CS at 24 weeks in the full population (i.e., patients with and without nasal polyps) and in the clinically-validated SNOT-22 score at 24 weeks, with symptom improvement observed as early as week 4. Consistent with previous studies, LYR-210 was well-tolerated, with no product-related serious adverse events in the ENLIGHTEN 2 trial. An additional clinical trial was confirmed as a requirement for submission of a New Drug Application ("NDA") for LYR-210 for the treatment of CRS without nasal polyps, based on a September 2025 meeting with the U.S. Food and Drug Administration ("FDA"). Any resumption of development activities would require successful completion of a strategic transaction or obtaining significant additional funding, which may not be available.

In January 2026, we announced the suspension of further development of LYR-210. We also announced a workforce reduction impacting 25 employees and other cost-saving actions to preserve capital. Maria Palasis, Ph.D., Chief Executive Officer, President and Chair of the Board, and Mr. Jason Cavalier, Chief Financial Officer and Treasurer, are each being retained as consultants to support the Company's pursuit of strategic alternatives. The Company continues to evaluate potential strategic options to maximize shareholder value. There can be no assurance that the evaluation of strategic options will result in any transaction, or that any transaction, if pursued, will be completed on attractive terms, if at all. The Company has not set a timetable for the completion of this strategic review.

On March 13, 2026, Nasdaq notified us that it will commence procedures to delist us from The Nasdaq Capital Market. This occurred after we ceased our appeal efforts with respect to Nasdaq's delisting determination, which culminated in a letter from the Nasdaq Hearings Advisor at The Nasdaq Stock Market LLC on March 13, 2026 confirming that we had withdrawn our appeal. Trading in our common stock was suspended at the open of trading on March 17, 2026. In connection with the suspension of trading, Nasdaq has indicated that it will file a Form 25 Notification of Delisting with the U.S. Securities and Exchange Commission after all internal procedural periods have run.

As disclosed above, in January 2026 we announced the suspension of further development of LYR-210. LYR-210 is designed to treat CRS patients who have failed previous medical management. LYR-210 has a smaller dimension and is intended for patients with and without nasal polyps.

On June 2, 2025, we reported positive results from the Phase 3 ENLIGHTEN 2 trial evaluating LYR-210 as a six-month treatment of CRS. Patients reported LYR-210 significantly improved important outcome measures on primary and key secondary endpoints:

- Statistically significant improvement compared to sham control in a composite of the 3CS of CRS at week 24 (-1.13; p=0.0078) in patients without nasal polyps.

- Statistically significant improvement in 3CS with LYR-210 compared to sham control at week 24 (-0.90; p=0.0209) in the full population (i.e., patients with and without nasal polyps).

- Statistically significant improvements in Sino-Nasal Outcome Test (SNOT-22) score with LYR-210 compared to sham control at week 24 (-8.7; p=0.0101).

    - Improvements in SNOT-22 were observed as early as week 4 with LYR-210 compared to sham control (-6.4; p=0.0456).

    - Improvements in SNOT-22 were sustained throughout the trial and were clinically meaningful, with more than twice the minimal clinically important difference observed at week 24 compared to baseline in the LYR-210 group (-22.4 points).

- Data evaluating computed tomography (CT) scans demonstrated numerical improvement in ethmoid sinus opacification in patients who received LYR-210, compared to sham control at week 20 (-2.15; p=0.1809). These data provide objective radiological evidence of improvement with LYR-210 treatment.

- LYR-210 patients showed no difference from sham patients in use of corticosteroid rescue medication; however, the LYR-210 patients had fewer endoscopic sinus surgeries compared to sham control.

LYR-210 was well tolerated, with no product-related serious adverse events in the ENLIGHTEN 2 trial. The most commonly reported adverse events included epistaxis, upper respiratory tract infection, chronic sinusitis, acute sinusitis, nasopharyngitis, COVID-19, and headache.

Additionally, we conducted a pooled data analysis of a total of 64 CRS patients with small nasal polyps (grade 1) from the ENLIGHTEN 1 and ENLIGHTEN 2 trials. The data demonstrated a consistent positive trend compared to sham control over 24 weeks in multiple endpoints:

- Improvement in 3CS with LYR-210 compared to sham control at week 24 (-1.13; p=0.0837), starting as early as week 4.

- Improvement in SNOT-22 score with LYR-210 compared to sham control at week 24 (-8.7; p=0.1331), starting as early as week 4.

- Improvements in percent ethmoid opacification with LYR-210 compared to sham control at week 20 (-6.07; p=0.1127).

- Improvements in nasal congestion score (NCS) with LYR-210 compared to sham control at week 24 for patients with moderate to severe NCS at baseline (-0.33; p=0.2159), starting as early as week 4.

- Improvements in nasal polyp score with LYR-210 compared to sham control at week 24 (-0.16; p=0.3494).

In May 2024, we announced topline results from the Company's Phase 3 ENLIGHTEN 1 trial evaluating LYR-210 for the treatment of CRS. ENLIGHTEN 1 did not meet its primary endpoint of demonstrating statistically significant improvement compared to sham control in the composite score of the three cardinal symptoms (3CS) of CRS (nasal obstruction, nasal discharge, facial pain/pressure) at 24 weeks.

At 24 weeks, the ENLIGHTEN 1 trial demonstrated the following results compared to baseline, which did not achieve statistical significance:

- In the primary efficacy analysis, treatment with LYR-210 resulted in a mean (standard deviation; SD) improvement in the 3CS score of 2.13 (2.17) points, compared to 2.06 (2.14) points in sham control.

- In the intent-to-treat (ITT) population, treatment with LYR-210 resulted in a mean (SD) improvement in the 3CS score of 2.35 (2.28) points, compared to 1.89 (2.07) points in sham control.

- In the ITT population, treatment with LYR-210 resulted in a mean (SD) improvement in the Sino-Nasal Outcome Test (SNOT-22) score of 20.2 (21.38) points, compared to 15.70 (18.55) points in sham control.

- Ethmoid sinus opacification (evaluated by computed tomography (CT) scans) did not achieve statistically significant improvement after treatment with LYR-210 compared to sham control.

The data showed that LYR-210 was generally well tolerated, with no product-related serious adverse events ("AEs"). The most commonly reported AEs in the study population were epistaxis, nasal odor, upper respiratory tract infection and sinusitis. Further post-hoc analyses of the ENLIGHTEN 1 data showed that LYR-210 had a positive effect compared to sham control in 3CS, nasal congestion, and nasal polyp scores at 24 weeks in the subgroup of 35 CRS patients with nasal polyps.

- Treatment with LYR-210 resulted in least squares (LS) LS mean (SE) improvement in the 3CS score of 3.69 (0.470) points, compared to 0.75 (0.685) points in sham control for a difference of 2.94 points (p-value 0.0017).

- For patients with nasal congestion score equal to or greater than 2 (that is moderate to severe symptom) at baseline in the CRS patient subgroup with nasal polyps, treatment with LYR-210 resulted in aLS mean (SE) improvement in the 3CS score of 3.69 (0.470) points, compared to 0.75 (0.685) points in sham control for a difference of 2.94 points (p-value 0.0017).

- Treatment with LYR-210 resulted in aLS mean (SE) improvement in the nasal congestion score of 1.20 (0.159) points, compared to 0.42 (0.243) points in sham control for a difference of 0.73 points (p-value 0.0216) in the CRS patient subgroup with nasal polyps and nasal congestion score equal to or greater than 2 at baseline.

- Treatment with LYR-210 resulted in aLS mean (SE) improvement in the nasal polyp score of 0.62 (0.161) points, compared to 0.01 (0.237) points in sham control for a difference of 0.61 points (p-value 0.0471) in the CRS patient subgroup with nasal polyps.

The 52-week extension stage of the ENLIGHTEN 1 trial was completed in the fourth quarter of 2024. Safety data for LYR-210 in the extension stage was generally consistent with the 24-week primary treatment stage, including for those patients that received a repeat dosing resulting in a 12-month treatment period. In the extension stage, LYR-210 was generally well tolerated, with no product-related serious AEs. The most commonly reported extension stage AEs in the study population were chronic sinusitis, nasal odor, epistaxis, sinusitis, and nasopharyngitis.

LYR-220

In connection with the cost-saving efforts announced in May 2024, we paused development efforts for LYR-220, our second pipeline product candidate. LYR-220 is designed for use in CRS patients who have failed previous medical management and who continue to require treatment to manage CRS symptoms despite having had ethmoid sinus surgery. LYR-220 employs a larger implant designed for patients whose nasal cavity is larger including those patients who have undergone extensive ethmoid sinus surgery. We conducted a Phase 2 clinical trial of LYR-220, called BEACON. The BEACON trial was a controlled parallel-group study to evaluate safety, tolerability, pharmacokinetics ("PK"), and efficacy comparing two designs of the LYR-220 (7500µg MF) matrix to control, over a 24-week period, in approximately 50 symptomatic adult CRS subjects who have had a prior bilateral sinus surgery. In September 2023, we reported positive topline results from BEACON, demonstrating statistically significant and clinically relevant improvements in the 3CS and SNOT-22 scores at 24 weeks.

Our Technology

Our innovative and proprietary drug delivery technology is designed to locally and continuously deliver small molecule drugs to the affected tissue over a sustained period of time from a single administration. The technology is comprised of three interrelated components:

- a bioabsorbable mesh scaffold, which is designed to maximize surface area for drug release while maintaining underlying tissue function;
- an engineered elastomeric matrix composed of polymers having elastic characteristics, which has advanced physical properties resulting in implants with "shape memory" that dynamically adapt to nasal anatomy; and
- a versatile polymer-drug complex, which is designed to deliver six months of continuous local drug therapy with a single treatment.

Chronic Rhinosinusitis: A Disease with High Unmet Medical Needs

CRS is an inflammatory disease of the paranasal sinuses causing the soft, moist layer of mucus-producing tissue, or mucosa, that lines the sinuses to become swollen and inflamed, leading to significant patient morbidities. The inflammation may be caused by infections, allergies, or environmental factors, as well as structural issues such as blockages of an ostium.

CRS has been described in the literature as an "unrecognized epidemic" due to its high prevalence, its substantial impact on patient quality of life, and the significant limitations of currently available treatment options. We estimate that sinusitis, which includes both CRS and acute rhinosinusitis, impacts approximately 12% of the adult population in the United States, or approximately 30 million people, making it the fifth most common condition in people under the age of 65 and more prevalent than diabetes or heart disease. Of this population, we estimate that approximately 14 million people are affected by CRS. We estimate that approximately 8 million people are treated for CRS by physicians annually, of whom approximately 4 million fail medical management every year.

CRS is grouped into two phenotypes for regulatory purposes: CRS without nasal polyps and CRS with nasal polyps. The non-polyp form of CRS represents approximately 70% of CRS patients.

Current Treatments and Their Limitations

The goals of therapy for CRS are to reduce mucosal swelling resulting from underlying inflammation, promote sinus drainage, and eradicate infections that may be present. The treatment of CRS is progressive in nature and typically begins with medical management, primarily with topical intranasal steroids, oral steroids and monoclonal antibodies. Topical intranasal steroids typically do not reach the epicenter of the disease deep in the sinuses, have fast clearance and poor compliance. The systemic complications of oral steroids limit their use. Physicians are reluctant to use monoclonal antibodies in all but their most severe polyp patients given their systemic exposure and relatively high cost. If this treatment is unsuccessful, an ENT physician may perform sinus surgery. Sinus surgery is costly, does not address the underlying inflammation, and is invasive with significant post-operative pain.

Intellectual Property and Barriers to Entry

We own all the material intellectual property rights related to our technology and product candidate portfolio. As of December 31, 2025, our product candidate portfolio is protected by issued patents and pending applications in the U.S. and major foreign countries with claims directed to devices, systems, and method of use, which, exclusive of possible patent term adjustments or extensions or other forms of exclusivity, provide coverage through at least 2030, with many providing coverage through 2036 and some providing coverage through 2038. We recently received allowances in two countries (and await action in other countries) based on patent applications that have the potential to provide coverage through 2042.

We also rely upon know-how, continuing technological innovation, and technical barriers to entry, including manufacturing and drug delivery complexities, to develop and maintain our competitive intellectual property position.

Competition

Our industry is highly competitive and subject to rapid and significant technological change as research provides a deeper understanding of the pathology of diseases and new technologies and treatments are developed. We believe our scientific knowledge, technology, and development capabilities provide us with substantial competitive advantages, but we face potential competition from multiple sources, including large pharmaceutical, biotechnology, specialty pharmaceutical, and, to a lesser degree, medical device companies.

Our competitors may have significantly greater financial resources, robust drug pipelines, established presence in the market, and expertise in research and development, manufacturing, pre-clinical and clinical testing, obtaining regulatory approvals and reimbursement, and marketing approved products than we do. These competitors also compete with us in recruiting and retaining qualified clinical, regulatory, scientific, sales, marketing, and management personnel, in establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

Manufacturing and Supply

Prior to the suspension of our manufacturing activities for LYR-210 and LYR-220 in May 2024, we would perform inspections and testing when specified of the components we receive from third parties before using them in our manufacturing operations. Using these components, we would manufacture, assemble, inspect, and package our implants, and send them to a third-party sterilization vendor. After sterilization, we would inspect the product and test via third-party laboratories to determine compliance with our specifications. Upon release of the lot to inventory, the product would be labeled and distributed via a third-party vendor to clinical sites.

The active pharmaceutical ingredient ("API") and a number of the components used in our implants would be currently supplied to us from single source suppliers. We would source our supplies from manufacturers with a track record of compliance with current good manufacturing practices, or cGMP. At this stage, when engaged in manufacturing we would rely on single source suppliers for some of our polymer materials, some extrusions, and molded components, and for finished goods testing, labeling, and distribution. Our ability to supply our products and to develop our product candidates depends, in part, on our ability to obtain successfully the API and polymer materials used in these products in accordance with regulatory requirements and in sufficient quantities. We would generally acquire our single source components pursuant to purchase orders placed in the ordinary course of business.

Intellectual Property

We actively seek to protect the intellectual property and proprietary technology platform that we believe is important to our business, which includes seeking and maintaining patents covering our technology platform and products, and any other inventions that are commercially or strategically important to the development of our business. We also rely upon trademarks to build and maintain the integrity of our brand, and we seek to protect the confidentiality of trade secrets that may be important to the development of our business. For more information, please see "Risk Factors—Risks Related to Our Intellectual Property."

Patents and Patent Applications

As of December 31, 2025, we own 21 issued U.S. patents, 53 foreign issued patents, 11 U.S. pending applications, and 23 foreign pending applications, out of which 15 issued U.S. patents, 47 foreign issued patents, 9 U.S. pending applications, and 20 foreign pending applications are directed to the envisioned commercial product. There are 6 issued U.S. patents, 3 foreign issued patents, and 1 U.S. pending application directed to other embodiments of our technology. Among the pending applications, there is one U.S. application and two allowed foreign applications that in time will proceed to issuance.

All technology to our business has been developed in-house and is protected with patents and patent applications in four major lineages. The first lineage dates from 2009 and provides protection potentially until 2030, exclusive of possible patent term adjustments or extensions or other forms of exclusivity. This first lineage includes issued patents in the U.S., Europe, Japan, Canada, and Great Britain that are not limited to any particular drug, site of delivery, or patient condition, but specify features of the implant, delivery system, method, and polymers. The second lineage dates from 2015 and provides protection potentially until 2036, exclusive of possible patent term adjustments or extensions or other forms of exclusivity.

This second lineage includes issued patents with ENT-specific method claims directed to the specific drug, site of delivery (i.e., middle meatus), and patient condition, with allowed and issued cases in the U.S., Canada, Europe, China, and Japan along with numerous pending applications in the U.S., Europe, and Great Britain. The third lineage dates from 2017 with the prospect of patent protection potentially until 2038, exclusive of possible patent term adjustments or extensions or other forms of exclusivity. This third lineage attempts to capture the products' drug release features and patient results from a clinical trial. It includes allowed cases in Australia, Canada, the U.S., Singapore, Korea, and Great Britain, along with pending applications in the U.S., Canada, Europe, China, and Japan. The fourth lineage dates from 2021 and provides protection potentially until 2042, exclusive of possible patent term adjustments or extensions or other forms of exclusivity. The fourth lineage is directed to a higher drug load (7500 ug). The lineage stems from a patent application filed under the Patent Cooperation Treaty that entered the National Phase in September of 2023. There are allowed cases in the U.K. and Singapore. There are pending applications in this fourth lineage in the U.S., Canada, Australia, Great Britain, Europe, Korea, China, and Japan.

Trademarks and Trade Secrets

We also rely upon trade secrets, know-how, and continuing technological innovation, and may pursue licensing opportunities in the future, to develop and maintain our competitive position. We seek to protect our proprietary rights through a variety of methods, including confidentiality agreements, invention assignment agreements, and non-solicitation and non-compete agreements with suppliers, employees, consultants, and others who may have access to proprietary information.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state, and local levels, and in other countries extensively regulate, among other things, the research, development, testing, manufacturing, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, import, and export of pharmaceutical products such as those we were developing. We will be required to navigate the various preclinical, clinical, and commercial approval requirements of the governing regulatory agencies of the countries in which we wish to conduct studies or seek approval of our product candidates. The processes for obtaining regulatory approvals in the United States and other countries, as appropriate, along with subsequent compliance with appropriate federal, state, local, and foreign statutes and regulations, require the expenditure of substantial time and resources.

U.S. Government Regulation

In the United States, we are subject to extensive regulation by the FDA, which regulates drugs under the Federal Food, Drug, and Cosmetic Act, or the FDCA, and its implementing regulations, and other federal, state, and local regulatory authorities. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local, and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process, or after approval may subject an applicant to a variety of administrative or judicial sanctions, such as the FDA's refusal to approve pending NDAs, withdrawal of an approval, imposition of a clinical hold, issuance of warning or untitled letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement, or civil or criminal penalties.

The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests, animal studies, and formulation studies in compliance with the FDA's Good Laboratory Practice regulations;
- submission to the FDA of an Investigational New Drug ("IND") Application which must become effective before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, at each clinical site before each trial may be initiated;

- performance of adequate and well-controlled human clinical trials in accordance with good clinical practice, or GCP, requirements to establish the safety and efficacy of the proposed drug product for each indication;
- submission to the FDA of an NDA;
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product is produced to assess compliance with cGMP requirements and to assure that the facilities, methods, and controls are adequate to preserve the drug's identity, strength, quality, and purity;
- satisfactory completion of an FDA inspection of the manufacturing facility at which the drug is produced and selected clinical sites to assess compliance with current Good Manufacturing Practice, or cGMP, regulations; GCPs; and the integrity of the clinical data;
- payment of user fees; and
- FDA review and approval of the NDA.

Prior to January 2026, we were developing LYR-210 using an innovative drug delivery technology comprised of a mesh scaffold, an elastomeric matrix, and a polymer-drug complex delivered through a narrow applicator. In the United States, products composed of components that would normally be regulated by different centers at the FDA are known as combination products. Typically, the FDA's Office of Combination Products assigns a combination product to a specific Agency Center as the lead reviewer. The FDA determines which Center will lead a product's review based upon the product's primary mode of action. Depending on the type of combination product, its approval, clearance, or licensure may usually be obtained through the submission of a single marketing application. We anticipate that LYR-210 will be regulated as a drug, and the FDA will permit a single regulatory submission seeking approval. However, the FDA sometimes will require separate marketing applications for individual constituent parts of the combination product which may require additional time, effort, and information. Even when a single marketing application is required for a combination product, such as an NDA for a combination pharmaceutical and device product, both the FDA's Center for Drug Evaluation and Research and the FDA's Center for Devices and Radiological Health may participate in the review. An applicant will also need to discuss with the Agency how to apply certain premarket requirements and post-marketing regulatory requirements, including conduct of clinical trials, AE reporting, and cGMPs, to their combination product.

Preclinical Studies

Preclinical studies include laboratory evaluation of product chemistry, toxicity, and formulation, as well as animal studies to assess potential safety and efficacy. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data, and any available clinical data or literature, among other things, to the FDA as part of an IND. Some preclinical testing may continue even after the IND is submitted. An IND automatically becomes effective, and a clinical trial proposed in the IND may begin 30 days after the FDA receives the IND, unless before that time the FDA raises concerns or questions related to one or more proposed clinical trials and places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

Clinical Trials

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. An IRB at each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution, and the IRB must continue to oversee the clinical trial

while it is being conducted. Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health, or NIH, for public dissemination on their www.clinicaltrials.gov website.

Human clinical trials are typically conducted in three or four sequential phases, which may overlap or be combined:

- Phase 1: The drug is initially introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion, and, if possible, to gain an early indication of its effectiveness.

- Phase 2: The drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases, and to determine dosage tolerance and optimal dosage.

- Phase 3: The drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to establish the overall risk-benefit profile of the product, and to provide adequate information for the labeling of the product.

- Phase 4: In some cases, the FDA may conditionally approve an NDA for a product candidate on the sponsor's agreement to conduct additional clinical trials after NDA approval. In other cases, a sponsor may voluntarily conduct additional clinical trials post approval to gain more information about the drug. Such post-approval trials are typically referred to as Phase 4 clinical trials.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA, and more frequently if serious AEs occur. Phase 1, Phase 2, and Phase 3 clinical trials may not be completed successfully within any specified period, or at all. Furthermore, the FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the product and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality, and purity of the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

Marketing Approval

If development were to resume following a strategic transaction, and assuming successful completion of the required clinical testing, the results of the preclinical and clinical studies, together with detailed information relating to the product's chemistry, manufacture, controls, and proposed labeling, among other things, are submitted to the FDA as part of an NDA requesting approval to market the product for one or more indications. In most cases, the submission of an NDA is subject to a substantial application user fee. Under the Prescription Drug User Fee Act, or PDUFA, guidelines that are currently in effect, the FDA has a goal of 10 months to review and act on a standard NDA and 6 months to review and act on a priority NDA, measured from the "filing" date for an NDA for a new molecular entity, or NME, or from the receipt date for an NDA for a non-NME product. Measuring from the "filing" date typically adds approximately two months to the timeline for review and decision because the FDA has sixty days from receipt to make a "filing" decision, as described below.

In addition, under the Pediatric Research Equity Act of 2003 as amended and reauthorized, certain NDAs or supplements to an NDA must contain data that are adequate to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements.

The FDA also may require submission of a risk evaluation and mitigation strategy, or REMS, plan to ensure that the benefits of the drug outweigh its risks. The REMS plan could include medication guides, physician communication plans, assessment plans, and/or elements to assure safe use, such as restricted distribution methods, patient registries, or other risk minimization tools.

The FDA conducts a preliminary review of all NDAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an NDA for filing. In this event, the application must be resubmitted with the additional information. The resubmitted application is also subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA reviews an NDA to determine, among other things, whether the drug is safe and effective and whether the facility in which it is manufactured, processed, packaged, or held meets standards designed to assure the product's continued safety, quality, and purity.

The FDA may refer an application for a novel drug to an advisory committee. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates, and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an NDA, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA may inspect one or more clinical trial sites to assure compliance with GCP requirements.

The FDA generally accepts data from foreign clinical trials in support of an NDA if the trials were conducted under an IND. If a foreign clinical trial is not conducted under an IND, the FDA nevertheless may accept the data in support of an NDA if the study was conducted in accordance with GCP requirements and the FDA is able to validate the data through an on-site inspection, if deemed necessary. Although the FDA generally requests that marketing applications be supported by some data from domestic clinical studies, the FDA may accept foreign data as the sole basis for marketing approval if (1) the foreign data are applicable to the U.S. population and U.S. medical practice, (2) the studies were performed by clinical investigators with recognized competence, and (3) the data may be considered valid without the need for an on-site inspection or, if the FDA considers the inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means.

The testing and approval process for an NDA requires substantial time, effort, and financial resources, and each may take several years to complete. Data obtained from preclinical and clinical testing are not always conclusive and may be susceptible to varying interpretations, which could delay, limit, or prevent regulatory approval. The FDA may not grant approval on a timely basis, or at all.

After evaluating the NDA and all related information, including the advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities and clinical trial sites, the FDA may issue an approval letter, or, in some cases, a complete response letter. A complete response letter generally contains a statement of specific conditions that must be met to secure final approval of the NDA and may require additional clinical testing, preclinical testing, manufacturing, or formulation modifications or other changes in order for the FDA to reconsider the application. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when those conditions have been met to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications.

Even if the FDA approves a product, it may limit the approved indications for use of the product, require that contraindications, warnings, or precautions be included in the product labeling, require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess a drug's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution and use restrictions or other risk management mechanisms under a REMS, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes, and additional labeling claims, are subject to further testing requirements and FDA review and approval.

The Hatch-Waxman Amendments

Prior to the January 2026 suspension, our regulatory strategy was to pursue development of LYR-210 as a Section 505(b)(2) NDA. As an alternative path to FDA approval for modifications to formulations or uses of drugs previously approved by the FDA, an applicant may submit an NDA under Section 505(b)(2) of the FDCA. Section 505(b)(2) was enacted as part of the Hatch-Waxman Amendments. A Section 505(b)(2) NDA is an application that contains full reports of investigations of safety and effectiveness, but where at least some of the information required for approval comes from studies not conducted by, or for, the applicant and for which the applicant has not obtained a right of reference or use from the person by or for whom the investigations were conducted. This type of application permits reliance for such approvals on literature or on an FDA finding of safety, effectiveness, or both for an approved drug product. As such, under Section 505(b)(2), the FDA may rely, for approval of an NDA, on data not developed by the applicant. Therefore, if we can satisfy the conditions required for a Section 505(b)(2) NDA submission, it may eliminate the need for us to conduct some of the preclinical studies or clinical trials for the new product candidate that might otherwise have been required, although the review time is not shortened. The FDA may then approve the new product candidate for the new indication sought by the 505(b)(2) applicant.

Orange Book Listing

In seeking approval for a drug through an NDA, applicants are required to list with the FDA certain patents whose claims cover the applicant's product. Upon approval of an NDA, each of the patents listed in the application for the drug is then published in the FDA's Approved Drug Products with Therapeutic Equivalence Evaluations, known as the Orange Book. Any applicant who files an Abbreviated New Drug Application, or ANDA, seeking approval of a generic equivalent version of a drug listed in the Orange Book or a 505(b)(2) NDA referencing a drug listed in the Orange Book must certify, for each patent listed in the Orange Book for the referenced drug, to the FDA that (1) no patent information on the drug product that is the subject of the application has been submitted to the FDA, (2) such patent has expired, (3) the date on which such patent expires, or (4) such patent is invalid or will not be infringed upon by the manufacture, use, or sale of the drug product for which the application is submitted. The fourth certification described above is known as a paragraph IV certification. A notice of the paragraph IV certification must be provided to each owner of the patent that is the subject of the certification and to the holder of the approved NDA to which the ANDA refers. The applicant may also elect to submit a "section viii" statement certifying that its proposed label does not contain (or carves out) any language regarding the patented method-of-use rather than certify to a listed method-of-use patent. This section viii statement does not require notice to the patent holder or NDA owner. There might also be no relevant patent certification.

If the reference NDA holder and patent owners assert a patent challenge directed to one of the Orange Book listed patents within 45 days of the receipt of the paragraph IV certification notice, the FDA is prohibited from approving the application until the earlier of 30 months from the receipt of the paragraph IV certification expiration of the patent, settlement of the lawsuit, or a decision in the infringement case that is favorable to the applicant. Even if the 45 days expire, a patent infringement lawsuit can be brought and could delay market entry, but it would not extend the FDA-related 30-month stay of approval.

The ANDA or 505(b)(2) application also will not be approved until any applicable non-patent exclusivity listed in the Orange Book for the branded reference drug has expired. Specifically, the holder of the NDA for the listed drug may be entitled to a period of non-patent exclusivity, during which the FDA cannot approve an ANDA or 505(b)(2) application that relies on the listed drug. For example, a pharmaceutical manufacturer may obtain five years of non-patent exclusivity upon NDA approval of an NCE, which is a drug that contains an active moiety that has not been approved by FDA in any other NDA. An "active moiety" is defined as the molecule or ion responsible for the drug substance's physiological or pharmacologic action. During the five-year exclusivity period, the FDA cannot accept for filing any ANDA seeking approval of a generic version of that drug or any 505(b)(2) NDA for the same active moiety and that relies on the FDA's findings regarding that drug, except that FDA may accept an application for filing after four years if the follow-on applicant makes a paragraph IV certification. This exclusivity period may be extended by an additional six months if certain requirements are met to qualify the product for pediatric exclusivity, including the receipt of a written request from the FDA that the NDA holder conduct certain pediatric studies, the submission of study reports from such studies to the FDA after receipt of the written request, and satisfaction of the conditions specified in the written request.

Expedited Review and Approval Programs

The FDA has various programs, including Fast Track Designation, accelerated approval, priority review, and breakthrough therapy designation, which are intended to expedite or simplify the process for the development and FDA

review of drugs that are intended for the treatment of serious or life threatening diseases or conditions and demonstrate the potential to address unmet medical needs. The purpose of these programs is to provide important new drugs to patients earlier than under standard FDA review procedures.

To be eligible for a Fast Track Designation, the FDA must determine, based on the request of a sponsor, that a product is intended to treat a serious or life-threatening disease or condition and demonstrates the potential to address an unmet medical need. The FDA will determine that a product will fill an unmet medical need if it will provide a therapy where none exists or provide a therapy that may be potentially superior to existing therapy based on efficacy or safety factors. The FDA may review sections of the NDA for a fast track product on a rolling basis before the complete application is submitted if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA.

The FDA may give a priority review designation to drugs that offer major advances in treatment, or provide a treatment where no adequate therapy exists. A priority review means that the goal for the FDA to review an application is six months, rather than the standard review of ten months under current PDUFA guidelines. Under the new PDUFA agreement, these six and ten month review periods are measured from the "filing" date rather than the receipt date for NDAs for new molecular entities, which typically adds approximately two months to the timeline for review and decision from the date of submission. Most products that are eligible for Fast Track Designation are also likely to be considered appropriate to receive a priority review.

In addition, products studied for their safety and effectiveness in treating serious or life-threatening illnesses and that provide meaningful therapeutic benefit over existing treatments may be eligible for accelerated approval and may be approved on the basis of adequate and well-controlled clinical trials establishing that the drug product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require a sponsor of a drug receiving accelerated approval to perform post-marketing studies to verify and describe the predicted effect on irreversible morbidity or mortality or other clinical endpoint, and the drug may be subject to accelerated withdrawal procedures.

Moreover, under the provisions of the Food and Drug Administration Safety and Innovation Act, a sponsor can request designation of a product candidate as a "breakthrough therapy." A breakthrough therapy is defined as a drug that is intended, alone or in combination with one or more other drugs, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the drug may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Drugs designated as breakthrough therapies are also eligible for accelerated approval. The FDA must take certain actions, such as holding timely meetings and providing advice, intended to expedite the development and review of an application for approval of a breakthrough therapy.

Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. If and when we have sufficient resources, we may explore some of these opportunities for our product candidates as appropriate.

Post Approval Requirements

Drugs manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA and other government authorities, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion, and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications, manufacturing changes, or other labeling claims, are subject to prior FDA review and approval. There also are continuing annual program fee requirements for any marketed products.

The FDA may impose a number of post-approval requirements as a condition of approval of an NDA. For example, the FDA may require post-marketing testing, including Phase 4 clinical trials, and surveillance to further assess and monitor the product's safety and effectiveness after commercialization.

In addition, drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and state authorities, and are subject to periodic unannounced inspections by the FDA and these state authorities for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP requirements and impose reporting and documentation requirements upon the sponsor and any third-party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in mandatory revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program.

Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market, or product recalls;
- fines, warning letters, or holds on post-approval clinical trials;
- refusal of the FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising, and promotion of products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label, although physicians, in the practice of medicine, may prescribe approved drugs for unapproved indications. The FDA and other authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

In addition, the distribution of prescription pharmaceutical products is subject to the Prescription Drug Marketing Act, or PDMA, which regulates the distribution of drugs and drug samples at the federal level, and sets minimum standards for the registration and regulation of drug distributors by the states. Both the PDMA and state laws limit the distribution of prescription pharmaceutical product samples and impose requirements to ensure accountability in distribution.

Other Healthcare and Data Privacy and Security Laws

Pharmaceutical and medical device manufacturers are subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which they conduct their business. Such laws include, without limitation, U.S. federal anti-kickback, fraud and abuse, false claims, consumer fraud, pricing reporting, data privacy and security, and transparency laws and regulations, as well as similar foreign laws in the jurisdictions outside the U.S. Similar state and local laws and regulations may also restrict business practices in the pharmaceutical industry, such as state anti-kickback and false claims laws, which may apply to business practices, including but not limited to, research, distribution, sales, and marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, or by patients themselves; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws and regulations that require drug manufacturers to file reports relating to pricing and marketing information or which require tracking gifts and other remuneration and items of value provided to physicians, other healthcare providers, and entities; state and local laws that require the registration of pharmaceutical sales representatives; and state and local laws governing the privacy and security of health-related and other personal information. Violation of any of such laws or any other governmental regulations that apply may result in penalties,

including, without limitation, civil and criminal penalties, damages, fines, additional reporting obligation, the curtailment or restructuring of operations, exclusion from participation in governmental healthcare programs, and individual imprisonment.

Coverage and Reimbursement

Sales of any pharmaceutical product depend, in part, on the extent to which such product will be covered by third-party payors, such as federal, state, and foreign government healthcare programs, commercial insurance, and managed healthcare organizations, and the level of reimbursement for such product by third-party payors. Significant uncertainty exists as to the coverage and reimbursement status of any newly approved product. Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. One third-party payor's decision to cover a particular product does not ensure that other payors will also provide coverage for the product. As a result, the coverage determination process can require manufacturers to provide scientific and clinical support for the use of a product to each payor separately and can be a time-consuming process, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. For products administered under the supervision of a physician, obtaining coverage and adequate reimbursement may be particularly difficult because of the higher prices often associated with such drugs. Additionally, separate reimbursement for the product itself or the treatment or procedure in which the product is used may not be available, which may impact physician utilization.

In addition, third-party payors are increasingly reducing reimbursements for pharmaceutical products and services. The U.S. government and state legislatures have continued implementing cost-containment programs, including price controls, restrictions on coverage and reimbursement, and requirements for substitution of generic products. Third-party payors are increasingly challenging the prices charged and examining the medical necessity and reviewing the cost effectiveness of pharmaceutical products, in addition to questioning their safety and efficacy. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit sales of any product. Decreases in third-party reimbursement for any product or a decision by a third-party payor not to cover a product could reduce physician usage and patient demand for the product.

In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. For example, the European Union provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. Pharmaceutical products may face competition from lower-priced products in foreign countries that have placed price controls on pharmaceutical products and may also compete with imported foreign products. Furthermore, there is no assurance that a product will be considered medically reasonable and necessary for a specific indication, will be considered cost-effective by third-party payors, that an adequate level of reimbursement will be established even if coverage is available, or that the third-party payors' reimbursement policies will not adversely affect the ability for manufacturers to sell products profitably.

Healthcare Reform

In the United States and certain foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system. In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively the ACA, was signed into law, which substantially changed the way healthcare is financed by both governmental and private insurers in the United States. By way of example, the ACA increased the minimum level of Medicaid rebates payable by manufacturers of brand name drugs from 15.1% to 23.1%; required collection of rebates for drugs paid by Medicaid managed care organizations; imposed a non-deductible annual fee on pharmaceutical manufacturers or importers who sell certain "branded prescription drugs" to specified federal government programs; implemented a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted, or injected; expanded eligibility criteria for Medicaid programs; created a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and established a Center for Medicare and Medicaid Innovation at Centers for Medicare & Medicaid Services ("CMS") to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug spending. Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA.

Other legislative changes have been proposed and adopted since the ACA was enacted, including aggregate reductions of Medicare payments to providers and reduced payments to several types of Medicare providers, which will remain in effect through 2032, with the exception of a temporary suspension from May 1, 2020, through March 31, 2022, absent additional congressional action. Moreover, there has recently been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted legislation designed, among other things, to bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for pharmaceutical products. In August 2022, the IRA was signed into law. Among other things, the IRA requires manufacturers of certain drugs to engage in price negotiations with Medicare beginning in 2026, with prices that can be negotiated subject to a cap; imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation (first due in 2023); and replaces the Part D coverage gap discount program with a new manufacturer discounting program (which began in 2025). The IRA permits the Secretary of the HHS to implement many of these provisions through guidance, as opposed to regulation, for the initial years. CMS has published the negotiated prices for the initial ten drugs, which will first be effective in 2026, and the list of the subsequent 15 drugs that will be subject to negotiation, although the Medicare drug price negotiation program is currently subject to legal challenges. While the impact of the IRA on the pharmaceutical industry cannot yet be fully determined, it is likely to be significant. For that and other reasons, it is currently unclear how the IRA will be effectuated.

Individual states in the United States have also become increasingly active in implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access, and marketing cost disclosure, drug price reporting and other transparency measures and, in some cases, mechanisms to encourage importation from other countries and bulk purchasing. Some states have enacted legislation creating so-called prescription drug affordability boards, which ultimately may attempt to impose price limits on certain drugs in these states. We expect that additional U.S. federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that the U.S. federal government will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures. Furthermore, there has been increased interest by third party payors and governmental authorities in reference pricing systems and publication of discounts and list prices.

Employees

As of December 31, 2025, we had 27 full-time employees. None of our employees is represented by a labor union or covered by a collective bargaining agreement. We consider our relationship with our employees to be good. Additionally, as of December 31, 2025, we had nine consultants.

Corporate Information

We were incorporated under the laws of the state of Delaware in November 2005 under the name WMR Biomedical, Inc. In July 2018, we changed our name to Lyra Therapeutics, Inc. Our principal executive offices are located at 480 Arsenal Way, Watertown, MA 02472 and our telephone number is (617) 420-8858. Our website address is *www.lyratx.com*. The information contained in, or accessible through, our website does not constitute a part of this Annual Report on Form 10-K. We have included our website address in this Annual Report on Form 10-K solely as an inactive textual reference.

Available Information

Our Internet address is *www.lyratx.com*. Our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, including exhibits, proxy and information statements and amendments to those reports filed or furnished pursuant to Sections 13(a), 14, and 15(d) of the Securities Exchange Act of 1934, as amended, are filed with the U.S. Securities and Exchange Commission, or the SEC, and are available through the "Investors" portion of our website free of charge as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Information on our website is not part of this Annual Report on Form 10-K or any of our other securities filings unless specifically incorporated herein by reference. Our filings with the SEC may be accessed through the SEC's website at *http://www.sec.gov*, which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. All statements made in any of our securities filings, including all forward-looking statements or information, are made as of the date of the document in which the statement is included, and we do not assume or undertake any obligation to update any of those statements or documents unless we are required to do so by law.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below and the other information contained in this Annual Report on Form 10-K before making an investment in our common stock. Our business, financial condition, results of operations, or prospects could be materially and adversely affected if any of these risks occurs, and as a result, the market price of our common stock could decline and you could lose all or part of your investment. This Annual Report on Form 10-K also contains forward-looking statements that involve risks and uncertainties. See "Special Note Regarding Forward-Looking Statements." Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below.

Risks Related to Our Exploration of Strategic Options

Any potential financial or strategic option we pursue in an effort to maximize shareholder value may not result in the identification of a suitable transaction, or if one is identified and pursued, may not be completed on attractive terms, or at all.

In May 2024, in connection with the Company's announcement that we failed to meet the primary endpoint of our ENLIGHTEN 1 Phase 3 clinical trial, we announced our interest in potential strategic alternatives. At that time, we also announced a reduction in force of 87 employees and a plan to suspend further development of LYR-220, our second pipeline product candidate.

In January 2026, we announced that we engaged SSG Capital Advisors, LLC to assist with the Company's evaluation of strategic alternatives. Such alternatives may include a merger, sale, divestiture of assets, licensing, or other strategic transaction. In addition, we reported that our Board approved a plan to suspend further development of LYR-210, the Company's lead product candidate for the treatment of chronic rhinosinusitis, and to implement a cost reduction plan that included a workforce reduction impacting substantially all of the Company's remaining employees, effective January 12, 2026, and other cost-saving actions to preserve capital.

The process of continuing to evaluate these strategic options may be costly, time-consuming and complex and we may incur significant costs related to this continued evaluation, such as legal, accounting and advisory fees and expenses and other related charges. Moreover, any potential financial or strategic option we pursue may not result in the identification of a suitable transaction, or if one is identified and pursued, may not be completed on attractive terms, or at all. There can be no assurance of completion of any particular course of action or a defined timeline for completion, and we can provide no assurance that any strategic alternative we pursue will have a positive impact on our results of operations or financial condition.

We are attempting to sublease or assign two of our three leaseholds, which represent significant operating costs, and there can be no assurance that we will accomplish this effort on favorable terms, or at all, which could adversely affect our business, results of operations and financial condition.

The Company has three leaseholds, including two in Waltham, Massachusetts and one in Watertown, Massachusetts. These leaseholds represent significant operating costs for the Company. The Company has retained a broker to sublease or assign our leaseholds, other than the manufacturing space in Waltham in connection with the Company's capital preservation efforts. There can be no assurance that the Company will find third parties to enter into a sublease or assignment of these leaseholds at terms that are favorable to the Company, on a timetable that is advantageous to the Company, or at all.

The operating lease, as amended, for office and laboratory space in Watertown expires in April 2027 and comprises approximately 27,311 square feet. The lease provides for base rent of $2.0 million per year. The Company maintains a letter of credit of approximately $0.3 million securing its obligations under the Watertown operating lease.

The Company has two leases for space at 880 Winter Street in Waltham. The first lease comprises approximately 29,000 square feet of office and lab space, and the lease provides for base rent of $2.2 million per year, which will increase 3% per year over the noncancellable term ending on June 30, 2033. In connection with the lease, a security deposit was

delivered to the landlord in the form of an irrevocable standby letter of credit collateralized by $1.1 million of deposits with the financial institution.

In December 2023, the Company executed a sublease agreement for additional laboratory and office space located at 880 Winter Street in Waltham. The subleased premises comprise approximately 24,000 square feet, and the sublease provides for base rent of $1.8 million per year, which will increase 3% per year over the noncancellable term ending on November 30, 2032. The Company provided the landlord with a security deposit in the form of a letter of credit in the amount of approximately $0.6 million.

Under all three leases, the Company is responsible for its share of real estate taxes, maintenance, and other operating expenses applicable to the respective leased premises. An inability to successfully sublease or assign the leaseholds will negatively impact our capital preservation efforts and could materially and adversely affect our business, financial condition and the results of operations.

In the future, we may engage in acquisitions or strategic partnerships that could disrupt our business, cause dilution to our stockholders, reduce our financial resources, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

In the future, we may enter into transactions to acquire other businesses, products, or technologies or enter into strategic partnerships, including licensing. If we do identify suitable acquisition or partnership candidates, we may not be able to make such acquisitions or partnerships on favorable terms, or at all. Any acquisitions or partnerships we make may not strengthen our competitive position, and these transactions may be viewed negatively by employees, customers or investors. We may decide to incur debt in connection with an acquisition or issue our common stock or other equity securities to the stockholders of the acquired company, which would reduce the percentage ownership of our existing stockholders. We could incur losses resulting from undiscovered liabilities of the acquired business or partnership that are not covered by the indemnification we may obtain from the seller or our partner. In addition, we may not be able to successfully integrate any acquired personnel, technologies, and operations into our existing business in an effective, timely, and non-disruptive manner. Acquisitions or partnerships may also divert management attention from day-to-day responsibilities, lead to a loss of key personnel, increase our expenses, and reduce our cash available for operations and other uses. We cannot predict the number, timing, or size of future acquisitions or partnerships or the effect that any such transactions might have on our operating results.

Being delisted from the Nasdaq Stock Market LLC ("Nasdaq") could harm our business, the trading price of our common stock, our ability to raise additional capital and the liquidity of the market for our common stock.

On March 13, 2026 Nasdaq notified us that it will commence procedures to delist us from The Nasdaq Capital Market. This occurred after we ceased our appeal efforts with respect to Nasdaq's delisting determination, which culminated in a letter from the Nasdaq Hearings Advisor at The Nasdaq Stock Market LLC on March 13, 2026 confirming that we had withdrawn our appeal. Trading in our common stock was suspended at the open of trading on March 17, 2026. In connection with the suspension of trading, Nasdaq has indicated that it will file a Form 25 Notification of Delisting with the U.S. Securities and Exchange Commission after all internal procedural periods have run.

Being delisted from Nasdaq could make trading our common stock more difficult for investors, potentially leading to declines in our share price and liquidity. In addition, without a Nasdaq market listing, stockholders may have a difficult time getting a quote for the sale or purchase of our common stock, the sale or purchase of our common stock would likely be made more difficult and the trading volume and liquidity of our common stock could decline. Delisting from Nasdaq could also result in negative publicity and could also make it more difficult for us to raise additional capital. The absence of such a listing may adversely affect the acceptance of our common stock as currency or the value accorded by other parties. When our common stock is delisted by Nasdaq, our common stock may be eligible to trade on an over-the-counter quotation system, such as the OTCQB market, where an investor may find it more difficult to sell our common stock or obtain accurate quotations as to the market value of our common stock. We cannot assure you that our common stock, if delisted from Nasdaq, will be listed on another national securities exchange or quoted on an over-the counter quotation system.

On August 20, 2025, we received a letter (the "Deficiency Letter") from Nasdaq indicating that our stockholders' equity as reported in our Quarterly Report on Form 10-Q for the period ended June 30, 2025 (the "Q2 Form 10-Q"), did not satisfy the continued listing requirement under Nasdaq Listing Rule 5550(b)(1) for the Nasdaq Capital Market, which requires that a listed company's stockholders' equity be at least $2.5 million. As reported on our Q2 Form 10-Q, our

stockholders' equity as of June 30, 2025 was approximately $1.6 million. The Deficiency Letter had no immediate effect on the listing or trading of our common stock and the common stock continued to trade at that time on The Nasdaq Capital Market under the symbol "LYRA."

In accordance with Nasdaq Listing Rule 5810(c)(2)(C), we were provided an initial period of 45 calendar days to submit a plan to regain compliance. Subsequent to the receipt of the Deficiency Letter, and prior to that deadline, we submitted a plan to regain compliance with Nasdaq Listing Rule 5550(b)(1) to Nasdaq by December 31, 2025. On November 11, 2025 we received a letter from Nasdaq accepting our proposal to use December 31, 2025 as the deadline to regain compliance. On December 30, 2025 we submitted a letter to Nasdaq requesting a further compliance extension until January 30, 2026.

On February 2, 2026, we received a letter (the "Staff Determination Letter") from the Listing Qualifications Department of Nasdaq notifying the Company that Nasdaq has determined to delist the Company's common stock from The Nasdaq Stock Market. In the Staff Determination Letter, Nasdaq stated that, pursuant to Listing Rule 5101, it believes the Company is a "public shell" and that the continued listing of its securities is no longer warranted. Nasdaq cited the Company's January 12, 2026 Form 8-K disclosure, in which the Company announced that its Board of Directors had approved a plan to suspend development of LYR-210, the Company's lead product candidate, and a reduction in force that resulted in the termination of employment of nearly all of the Company's employees including the conversion of both the Chief Executive Officer and Chief Financial Officer from employees to consultants. Based on these factors, in Nasdaq's view the Company no longer has an operating business and may be subject to market abuses or other conduct detrimental to the interests of the investing public.

Additionally, Nasdaq cited as a separate basis for delisting the Company's failure to comply with the minimum $2,500,000 stockholders' equity requirement for continued listing set forth in Listing Rule 5550(b). Nasdaq had previously notified the Company on August 20, 2025, that it did not comply with this requirement and had granted the Company an extension until December 31, 2025, to regain compliance. The Company subsequently requested additional time until January 30, 2026, to complete a financing transaction; however, Nasdaq determined that the Company did not meet the terms of the extension and has no basis to grant additional time given that the Company has effectively laid off its entire staff and has no current operations.

We could be deemed to be a "shell company", including after any future asset sales, and as such, we and our stockholders could be restricted in reliance on certain rules or forms.

Nasdaq indicated that it believes we are a "public shell" company. If we are deemed to be a "shell company" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, including after any future asset sales, then, pursuant to Rule 144(i), holders of our securities may not rely on Rule 144 for the resale of our securities, which may adversely affect the liquidity and market price of our common stock.

In such case Rule 144 will not be available to our stockholders for the resale of their securities until we are no longer a shell company, have filed current "Form 10 information" with the Securities and Exchange Commission reflecting our status as an entity that is no longer a shell company, and have been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for a period of at least 12 months following the filing of such information.

In addition, if we are deemed a shell company, then for so long as we are, we will not be eligible to use Form S-3 for the registration of our securities. The unavailability of Rule 144 and Form S-3 may limit the ability of our stockholders to resell their securities and may impair our ability to raise capital on favorable terms, or at all.

These restrictions may adversely affect the liquidity of our common stock, result in a decline in the trading price of our securities, and make it more difficult for us to consummate a business combination or otherwise obtain additional financing.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant losses since inception and expect to incur significant additional losses for the foreseeable future, and we may never achieve or maintain profitability.

We have incurred significant operating losses in each year since our inception, including operating losses of approximately $31.0 million and $96.3 million for the years ended December 30, 2025 and 2024, respectively. In addition, we have not commercialized any products and have never generated any revenue from product sales. We have devoted almost all of our financial resources to research and development, including our pre-clinical development activities.

We expect to continue to incur significant additional operating losses for the foreseeable future and we may not achieve or maintain profitability in the future. The total costs to advance any of our product candidates to marketing approval in even a single jurisdiction would be substantial. Because of the numerous risks and uncertainties associated with CRS treatment product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to begin generating revenue from the commercialization of products or achieve or maintain profitability. If development were to resume following a strategic transaction, our expenses will also increase substantially if in the future we:

- conduct another Phase 3 trial for LYR-210 which was confirmed to be a requirement for submission of a New Drug Application for LYR-210 for the treatment of CRS without nasal polyps, based on a September 2025 meeting with the FDA;
- seek regulatory and marketing approvals for LYR-210 if it successfully completes the requisite clinical trials;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain regulatory approval in geographies in which we plan to commercialize our products ourselves;
- maintain, expand, and protect our intellectual property portfolio;
- utilize external vendors for support with respect to research, development, commercialization, regulatory, pharmacovigilance, and other functions;
- acquire or in-license other commercial products, product candidates, and technologies;
- make royalty, milestone, or other payments under any future in-license agreements;
- implement additional internal manufacturing capabilities, systems and infrastructure; and
- operate as a public company.

Furthermore, our ability to successfully develop, commercialize, and license our products and generate product revenue is subject to substantial additional risks and uncertainties. Each of our product candidates will require additional pre-clinical and/or clinical development, potential regulatory approval in multiple jurisdictions, the development of or securing of manufacturing supply, capacity, and expertise, the use of external vendors, the building of a manufacturing and commercial organization, substantial investment, and significant marketing efforts before we generate any revenue from product sales. As a result, we expect to continue to incur net losses and negative cash flows for the foreseeable future. These net losses and negative cash flows have had, and will continue to have, an adverse effect on our stockholders' equity and working capital.

The amount of future losses and when, if ever, we will achieve profitability are uncertain. We have no products that have generated any commercial revenue, do not expect to generate revenues from the commercial sale of products in the foreseeable future, and might never generate revenues from the sale of products. Our ability to generate revenue and achieve profitability will depend on, among other things, successful completion of the clinical development of our product candidates; obtaining necessary regulatory approvals from the FDA and international regulatory agencies; establishing cost-effective manufacturing, generating sales, and achieving market acceptance of our products and marketing infrastructure to commercialize our product candidates for which we obtain approval; and raising sufficient funds to finance our activities. We

might not succeed at any of these undertakings. If we are unsuccessful at some or all of these undertakings, our business, prospects, and results of operations may be materially adversely affected.

Our recurring losses from operations raise substantial doubt regarding our ability to continue as a going concern.

We continue to operate with limited resources. We have incurred significant losses since our inception and have never generated revenue or profit, and it is possible we will never generate revenue or profit. Based on our current operating plans, and without additional funding, there is substantial doubt about our ability to continue as a going concern. See Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report on Form 10-K for a discussion of our expected cash runway. This cash runway estimate is based on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Until such time as the Company can generate significant revenue from product sales, if ever, it plans to finance its operations through a combination of equity or debt financings, collaboration agreements, strategic alliances and licensing arrangements, but there can be no assurances that such financing will be available to us on satisfactory terms, or at all.

Securing additional financing may divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize any of our product candidates. If we are unable to obtain funding, we would be forced to delay, reduce or eliminate our research and development programs, which would adversely affect our business prospects. In addition, if we are unable to raise capital, we will also need to implement additional cost reduction measures, and any failure to effectively do so will harm our business, results of operations and future prospects. The perception that we may not be able to continue as a going concern may cause others to choose not to deal with us due to concerns about our ability to meet our contractual obligations. If we are unable to continue as a going concern, investors could lose all or part of their investment in our Company.

We need significant additional funding in order to complete development of, manufacture, and obtain regulatory approval for our product candidates and commercialize our products, if approved, including the funding necessary to complete a third Phase 3 trial in LYR-210. Moreover, the failure of our ENLIGHTEN 1 Phase 3 trial to meet its primary endpoint has made it more difficult for us to raise capital. If we are unable to raise capital when needed, we could be forced to delay, reduce, or eliminate our product development programs or commercialization efforts, and/or discontinue operations.

We continue to need additional capital, which we may raise through equity offerings, debt financings, marketing, and distribution arrangements and other collaborations, strategic alliances, and licensing arrangements or other sources. The failure to meet the primary endpoint of our ENLIGHTEN 1 Phase 3 clinical trial has made it significantly more difficult for us to raise more capital. Accordingly, we may be required to obtain further funding through public or private equity offerings, debt financings, royalty-based financing arrangements, collaborations and licensing arrangements or other sources. Adequate additional financing may not be available to us on acceptable terms, or at all. Our failure to raise capital as and when needed would have a negative impact on our financial condition and our ability to pursue our business strategy. If we do not succeed in raising additional funds on acceptable terms, we might be unable to complete planned clinical trials or obtain approval of any of our product candidates from the FDA, or any foreign regulatory authorities, and could be forced to discontinue product development or reduce our operations.

We will require substantial funds to further develop, manufacture, obtain approval for, and commercialize our product candidates, including LYR-210, for which we completed two Phase 3 clinical trials, but suspended further development in January 2026. In May 2024 we suspended further development of LYR-220. We would also require substantial additional funds to further develop, obtain approval for, and commercialize, LYR-220.

Our future funding requirements, both near and long-term, will depend on many factors, including, but not limited to:

- the scope and results of our clinical trials, including any unforeseen costs we may incur as a result of clinical trial delays;
- the timing of, and the costs involved in, obtaining regulatory approvals for LYR-210;
- the costs and timing of changes in the regulatory environment and enforcement rules;
- the costs and timing in changes in pharmaceutical pricing and reimbursement infrastructure;

- the costs involved in preparing, filing, prosecuting, maintaining, and enforcing patent claims and other patent-related costs, including any litigation costs and the results of such litigation;
- the effect of competing technological and market developments;
- the extent to which we in-license or acquire other products and technologies; and
- the cost of establishing sales, marketing, manufacturing, and distribution capabilities for our product candidates in regions where we choose to commercialize our products.

Depending on our business performance, the economic climate, and market conditions, we may be unable to raise additional funds through any sources. Market volatility could also adversely impact our ability to access capital as and when needed.

We maintain our cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and U.S. treasury bills and our deposits at these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position.

Raising additional capital may cause dilution to our stockholders, restrict our operations, or require us to relinquish rights to our technologies or product candidates.

Until such time, if ever, as we can generate substantial revenue, we may finance our cash needs through a combination of equity offerings, debt financings, marketing, and distribution arrangements and other collaborations, strategic alliances, and licensing arrangements. In addition, we may seek additional capital due to favorable market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interests of our shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our operations and our ability to take specific actions, such as incurring additional debt, making capital expenditures, declaring dividends, redeeming our stock, making certain investments, and engaging in certain merger, consolidation, or asset sale transactions, among other restrictions. If we raise additional funds through additional collaborations, strategic alliances, or marketing, distribution, or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams, or product candidates or grant licenses on terms that may not be favorable to us.

Risks Related to Healthcare Laws and Other Legal Compliance Matters

We are subject to extensive and costly government regulation.

Product candidates employing our technology will be subject to extensive and rigorous domestic government regulation including regulation by the FDA, the CMS, other divisions of the United States Department of Health and Human Services or HHS, the United States Department of Justice, state and local governments, and their respective equivalents outside of the United States. The FDA regulates the research, development, pre-clinical and clinical testing, manufacture, safety, effectiveness, record-keeping, reporting, labeling, packaging, storage, approval, advertising, promotion, sale, distribution, import, and export of pharmaceutical products. If products employing our technologies are marketed abroad, they will also be subject to extensive regulation by foreign governments, whether or not they have obtained FDA approval for a given product and its uses. Such foreign regulation may be equally or more demanding than corresponding United States regulation.

Government regulation substantially increases the cost and risk of researching, developing, manufacturing, and selling our products. The regulatory review and approval process, which includes pre-clinical testing and clinical trials of each product candidate, is lengthy, expensive, and uncertain. We or our collaborators must obtain and maintain regulatory authorization to conduct pre-clinical studies and clinical trials. We or our collaborators must obtain regulatory approval for each product we intend to market, and the manufacturing facilities used for the products must be inspected and meet legal

requirements. Securing regulatory approval requires the submission of extensive pre-clinical and clinical data and other supporting information for each proposed therapeutic indication in order to establish the product's safety and efficacy, potency, and purity, for each intended use. The development and approval process takes many years, requires substantial resources, and may never lead to the approval of a product.

Even if we are able to obtain regulatory approval for a particular product, the approval may limit the indicated medical uses for the product, may otherwise limit our ability to promote, sell, and distribute the product, may require that we conduct costly post-marketing surveillance, and/or may require that we conduct ongoing post-marketing studies. Material changes to an approved product, such as, for example, manufacturing changes or revised labeling, may require further regulatory review and approval. Once obtained, any approvals may be withdrawn, including, for example, if there is a later discovery of previously unknown problems with the product, such as a previously unknown safety issue.

If we, our collaborators, consultants, CMOs, CROs, or other vendors fail to comply with applicable regulatory requirements at any stage during the regulatory process, such noncompliance could result in, among other things, delays in the approval of applications or supplements to approved applications; refusal of a regulatory authority, including the FDA, to review pending market approval applications or supplements to approved applications; warning letters; fines; import and/or export restrictions; product recalls or seizures; injunctions; total or partial suspension of production; civil penalties; withdrawals of previously approved marketing applications or licenses; recommendations by the FDA or other regulatory authorities against governmental contracts; and/or criminal prosecutions.

Even if we receive regulatory approval of our product candidates, we will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our product candidates.

Any product candidate for which we obtain marketing approval, along with the manufacturing processes, post-approval clinical data, labeling, packaging, distribution, AE reporting, storage, recordkeeping, export, import, and advertising and promotional activities for such product, among other things, will be subject to extensive and ongoing requirements of and review by the FDA, the EMA, and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, establishment registration and drug listing requirements, continued compliance with cGMP requirements relating to manufacturing, quality control, quality assurance, and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians, and recordkeeping and GCP requirements for any clinical trials that we conduct post-approval. In addition, the sponsor of an approved NDA is subject to periodic inspections and other FDA monitoring and reporting obligations, including obligations to monitor and report AEs and other information such as the failure of a product to meet the specifications in the NDA. NDA sponsors must submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling, or manufacturing process. Application holders must also submit advertising and other promotional material to the FDA and report on ongoing clinical trials. The FDA may require changes in the labeling of already approved drug products and require that sponsors conduct post-marketing studies. Accordingly, we and others with whom we work must continue to expend time, money, and effort in all areas of regulatory compliance, including manufacturing, production, and quality.

Even if marketing approval of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, including the requirement to implement a REMS, which could include requirements for a medication guide, physician communication plans, or additional elements to ensure safe use, such as restricted distribution methods, patient registries, and other risk mitigation tools. If any of our product candidates receives marketing approval, the accompanying label may limit the approved use of our product, which could limit sales of the product.

The FDA may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of our approved products. In addition, advertising and promotional materials must comply with FDA rules in addition to other potentially applicable federal and state laws. The FDA closely regulates the post-approval marketing and promotion of drugs to ensure they are marketed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA imposes stringent restrictions on manufacturers' communications regarding off-label use, and if we market our products outside of their approved indications, we may be subject to enforcement action for off-label marketing. Violations of the FDA's restrictions relating to the promotion of prescription products may also lead

to investigations alleging violations of federal and state health care fraud and abuse laws, as well as state consumer protection laws.

The distribution of product samples to physicians must comply with the requirements of the FDCA. NDA sponsors must obtain FDA approval for product, manufacturing, and labeling changes, depending on the nature of the change. Depending on the circumstances, failure to meet these post-approval requirements can result in criminal prosecution, fines, injunctions, consent decrees of permanent injunction, recall or seizure of products, total or partial suspension of production, denial or withdrawal of pre-marketing product approvals, or refusal to allow us to enter into supply contracts, including government contracts.

In addition, later discovery of previously unknown AEs or other problems with our products, or manufacturing processes, including AEs of unanticipated severity or frequency, or manufacturing processes, or failure to comply with regulatory requirements, may yield various results, including:

- restrictions on manufacturing such products;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters or holds on clinical trials;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution, or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of our products;
- product seizure or detention; or
- injunctions or the imposition of civil or criminal penalties.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response, and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize and generate revenues. If regulatory sanctions are applied or if regulatory approval is withheld or withdrawn, the value of our Company and our operating results will be adversely affected.

The FDA's policies may change and additional government regulations may be enacted that could prevent, limit, or delay regulatory approval of LYR-210 and/or any other future product candidate. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained which would adversely affect our business, prospects, and ability to achieve or sustain profitability.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. Further, three decisions from the U.S. Supreme Court in July 2024 may lead to an increase in litigation against regulatory agencies that could create uncertainty and thus negatively impact our business. The first decision overturned established precedent that required courts to defer to regulatory agencies' interpretations of ambiguous statutory language. The second decision overturned regulatory agencies'

ability to impose civil penalties in administrative proceedings. The third decision extended the statute of limitations within which entities may challenge agency actions. These cases may result in increased litigation by industry against regulatory agencies and impact how such agencies choose to pursue enforcement and compliance actions. However, the specific, lasting effects of these decisions, which may vary within different judicial districts and circuits, is unknown. We also cannot predict the extent to which FDA and SEC regulations, policies, and decisions may become subject to increasing legal challenges, delays, and changes.

We face potential liability related to the privacy of health information we obtain from clinical trials sponsored by us.

Most healthcare providers, including research institutions from which we obtain patient health information, are subject to privacy and security regulations promulgated under HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or the HITECH Act. We are not currently classified as a "covered entity" or "business associate" under HIPAA. However, any person may be prosecuted under HIPAA's criminal provisions either directly or under aiding-and-abetting or conspiracy principles. Consequently, depending on the facts and circumstances, we could face substantial criminal penalties if we knowingly receive protected health information from a HIPAA-covered healthcare provider or research institution that has not satisfied HIPAA's requirements for disclosure of protected health information. In addition, we may maintain sensitive Personal Information, including health information, that we receive throughout the clinical trial process, in the course of our research collaborations, and directly from individuals (or their healthcare providers) who enroll in our patient assistance programs. As such, we may be subject to state laws requiring notification of affected individuals and state regulators in the event of a breach of Personal Information, which is a broader class of information than the protected health information under HIPAA. Our clinical trial programs outside the United States may implicate international data protection laws, including the GDPR, as discussed above.

Our activities outside the United States impose additional compliance requirements and generate additional risks of enforcement for noncompliance. Failure by our CROs and other third-party contractors to comply with the strict rules on the transfer of Personal Information outside of the European Union into the United States may result in the imposition of criminal and administrative sanctions on such collaborators, which could adversely affect our business. Furthermore, certain health privacy laws, data breach notification laws, consumer protection laws, and genetic testing laws may apply directly to our operations and/or those of our collaborators and may impose restrictions on our collection, use, and dissemination of individuals' health information. The GDPR provides that EU member states may establish their own laws and regulations limiting the processing of Personal Information, including genetic, biometric, or health data, which could limit our ability to use and share Personal Information or could cause our costs to increase. Moreover, patients about whom we or our collaborators obtain health information, as well as the providers who share this information with us, may have statutory or contractual rights that limit our ability to use and disclose the information. We may be required to expend significant capital and other resources to ensure ongoing compliance with applicable privacy and data security laws. Claims that we have violated individuals' privacy rights or breached our contractual obligations, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

If we, our CROs, or other contractors or consultants fail to comply with applicable federal, state, or local regulatory requirements, we could be subject to a range of regulatory actions that could affect our or our contractors' ability to develop and commercialize our product candidates and could harm or prevent sales of any affected products that we are able to commercialize, or could substantially increase the costs and expenses of developing, commercializing, and marketing our products. Any threatened or actual government enforcement action could also generate adverse publicity and require that we devote substantial resources that could otherwise be used in other aspects of our business. Increasing use of social media could give rise to liability, breaches of data security, or reputational damage.

Risks Related to Our Intellectual Property

Our proprietary rights may not adequately protect our technologies and product candidates, and do not necessarily address all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business, or permit us to maintain our competitive advantage. The following examples are illustrative:

- others may be able to make products that are the same as or similar to our product candidates but that are not covered by the claims of the patents that we own;
- others, including inventors or developers of our patented technologies who may become involved with competitors, may independently develop similar technologies that function as alternatives or replacements for any of our technologies without infringing our intellectual property rights;
- we might not have been the first to file patent applications covering certain of our product candidates;
- we might not have been the first to file patent applications covering certain of our patents or patent applications;
- it is possible that our pending patent applications will not result in issued patents, or;
- that there are prior public disclosures that could invalidate our patents;
- our issued patents may not provide us with any commercially viable products or competitive advantage, or may be held invalid or unenforceable, as a result of legal challenges by our competitors;
- the Supreme Court of the United States, other U.S. federal courts, Congress, the USPTO, or similar foreign authorities may change the standards of patentability and any such changes could narrow or invalidate, or change the scope of, our or our collaboration partners' patents;
- patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time;
- our competitors might conduct research and development activities in countries where we do not have patent rights, or in countries where research and development safe harbor laws exist, and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- ownership, validity, or enforceability of our patents or patent applications may be challenged by third parties; and
- the patents of third parties or pending or future applications of third parties, if issued, may have an adverse effect on our business.

Risks Related to Our Common Stock

The market price of our common stock may be volatile and fluctuate substantially, which could result in substantial losses for purchasers of our common stock.

Our stock price may be volatile. The stock market in general and the market for smaller biotechnology companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, you may not be able to sell your common stock at or above your purchase price. The market price for our common stock may be influenced by many factors, including:

- the success of competitive products or technologies;

- actual or expected changes in our growth rate relative to our competitors;
- results of clinical trials of our product candidates or those of our competitors;
- developments related to our existing or any future collaborations;
- regulatory actions with respect to our product candidates or our competitors' products and product candidates;
- regulatory or legal developments in the United States and other countries;
- development of new product candidates that may address our markets and make our product candidates less attractive;
- changes in physician, hospital, or healthcare provider practices that may make our product candidates less useful or appealing;
- announcements by us, our partners, or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations, or capital commitments;
- developments or disputes concerning patent applications, issued patents, or other proprietary rights;
- the level of expenses related to any of our product candidates or clinical development programs;
- failure to meet or exceed financial estimates and projections of the investment community or that we provide to the public;
- actual or expected changes in estimates as to financial results, development timelines, or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in the structure of healthcare payment or reimbursement systems;
- market conditions in the pharmaceutical and biotechnology sectors;
- short selling activities;
- general economic, industry, and market conditions; and
- the other factors described in this "Risk Factors" section and elsewhere in this Annual Report on Form 10-K.

In addition, the trading prices for common stock of other biotechnology companies may become highly volatile as a result of geopolitical events. The extent to which such events may impact our business, pre-clinical studies, and clinical trials will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

We are a "smaller reporting company" and the reduced disclosure requirements applicable to smaller reporting companies may make our common stock less attractive to investors.

We are considered a "smaller reporting company." We are therefore entitled to rely on certain reduced disclosure requirements, such as an exemption from disclosing certain executive compensation information and three years of financial statements. We are also exempt from the requirement to obtain an external audit on the effectiveness of internal control over financial reporting provided in Section 404(b) of the Sarbanes-Oxley Act. These exemptions and reduced disclosures in our SEC filings due to our status as a smaller reporting company may make it harder for investors to analyze our results of operations and financial prospects. We cannot predict if investors will find our common stock less attractive because we may

rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock prices may be more volatile.

Provisions in our restated certificate of incorporation and amended and restated bylaws and under Delaware law could make an acquisition of our Company, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our restated certificate of incorporation and our amended and restated bylaws may discourage, delay, or prevent a merger, acquisition, or other change in control of our Company that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our Board of Directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors. Among other things, these provisions include those establishing:

- a classified Board of Directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our Board of Directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our Board of Directors to elect a director to fill a vacancy created by the expansion of the Board of Directors or the resignation, death, or removal of a director, which prevents stockholders from filling vacancies on our Board of Directors;
- the ability of our Board of Directors to authorize the issuance of shares of preferred stock and to determine the terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the ability of our Board of Directors to alter our bylaws without obtaining stockholder approval;
- the required approval of the holders of at least two-thirds of the shares entitled to vote at an election of directors to adopt, amend, or repeal our bylaws or repeal the provisions of our restated certificate of incorporation regarding the election and removal of directors;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of the Board of Directors, the chief executive officer, the president, or the Board of Directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our Board of Directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of us.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the General Corporation Law of the State of Delaware, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Our restated certificate of incorporation designates specific courts as the exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.

Our restated certificate of incorporation specifies that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for most legal actions involving claims brought against us by stockholders; provided that, the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Securities Act, the Exchange Act, the rules and regulations thereunder, or any other claim for which the federal courts have exclusive jurisdiction; and provided further that, if and only if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, such action may be brought in another state or federal court sitting in the State of Delaware. Our restated certificate of incorporation further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to the provisions of our restated certificate of incorporation described above.

We believe these provisions benefit us by providing increased consistency in the application of Delaware law by chancellors particularly experienced in resolving corporate disputes and in the application of the Securities Act by federal judges, as applicable, efficient administration of cases on a more expedited schedule relative to other forums, and protection against the burdens of multi-forum litigation. However, the provision may have the effect of discouraging lawsuits against our directors, officers, employees, and agents as it may limit any stockholder's ability to bring a claim in a judicial forum that such stockholder finds favorable for disputes with us or our directors, officers, employees, or agents. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our restated certificate of incorporation to be inapplicable or unenforceable in such action. If a court were to find the choice of forum provision contained in our restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business, financial condition, or results of operations.

General Risk Factors

We have incurred and expect to continue to incur significant costs as a result of operating as a public company, and our management is required to devote substantial time to new compliance initiatives and corporate governance practices.

As a public company, we incur significant legal, accounting, and other expenses. The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of The Nasdaq Capital Market, and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations have increased our legal and financial compliance costs and made some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified members of our Board of Directors.

We continue to evaluate these rules and regulations, and cannot predict or estimate the amount of additional costs we may incur or the timing of such costs. These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, we are required to furnish a report by our management on our internal control over financial reporting. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. To achieve compliance with Section 404 within the prescribed period, we are engaged in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, engage outside consultants, adopt a detailed work plan to

assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing whether such controls are functioning as documented, and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed timeframe or at all, that our internal control over financial reporting is effective as required by Section 404. We may discover significant deficiencies or material weaknesses, which we may not successfully remediate on a timely basis or at all. Any failure to remediate any significant deficiencies or material weaknesses identified by us or to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations or result in material misstatements in our consolidated financial statements. The identification of one or more material weaknesses could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our consolidated financial statements.

Because we do not anticipate paying any cash dividends on our common shares in the foreseeable future, capital appreciation, if any, would be your sole source of gain.

On March 20, 2012, we declared and paid a special cash dividend of $13.15 per share of our common stock, par value $0.001, which we refer to as the Special Dividend, which totaled approximately $42,115 in the aggregate. Other than the Special Dividend, we have never declared or paid any cash dividends on our common shares. We currently anticipate that we will retain future earnings for the development, and operation of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. As a result, capital appreciation, if any, of our common shares would be your sole source of gain on an investment in our common shares for the foreseeable future.

Litigation could be costly and time-consuming and could result in additional liabilities.

We may from time to time be subject to legal proceedings and claims that arise in the ordinary course of business or otherwise, such as claims brought by us against vendors or collaborators, and/or claims brought by our customers in connection with commercial disputes and employment claims made by our current or former employees. Claims may also be asserted by or on behalf of a variety of other parties, including government agencies, patients, or vendors of our customers, or stockholders.

Any litigation involving us may result in substantial costs, operationally restrict our business, and may divert management's attention and resources, which may seriously harm our business, overall financial condition, and results of operations. Insurance may not cover existing or future claims, be sufficient to fully compensate us for one or more of such claims, or continue to be available on terms acceptable to us. A claim brought against us that is uninsured or under insured could result in unanticipated costs, thereby adversely impacting our results of operations and resulting in a reduction in the trading price of our stock.

We could be subject to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology companies have experienced significant stock price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

Our insurance policies are expensive and protect us only from some business risks, which leaves us exposed to significant uninsured liabilities.

We do not carry insurance for all categories of risk that our business may encounter. Some of the policies we currently maintain include general liability, employment practices liability, and property, auto, workers' compensation, umbrella, and directors' and officers' insurance. Any additional product liability insurance coverage we acquire in the future may not be sufficient to reimburse us for any expenses or losses we may suffer.

Moreover, insurance coverage is becoming increasingly expensive and in the future we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses. If we obtain marketing approval for LYR-210, we intend to acquire insurance coverage to include the sale of commercial products; however, we may be unable to obtain product liability insurance on commercially reasonable terms or in adequate amounts. A successful product liability claim or series of claims brought against us could cause our share price to decline and, if judgments exceed our insurance coverage, could adversely affect our results of operations and business, including preventing or limiting the development and commercialization of any product candidates we develop. We do not carry specific biological or hazardous

waste insurance coverage, and our property, casualty, and general liability insurance policies specifically exclude coverage for damages and fines arising from biological or hazardous waste exposure or contamination. Accordingly, in the event of contamination or injury, we could be held liable for damages or be penalized with fines in an amount exceeding our resources, and our clinical trials or regulatory approvals could be suspended.

Operating as a public company has made it more difficult and more expensive for us to obtain director and officer liability insurance, and in the future we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified people to serve on our Board of Directors, our board committees, or as executive officers. We do not know, however, if we will be able to maintain existing insurance with adequate levels of coverage. Any significant uninsured liability may require us to pay substantial amounts, which would adversely affect our cash position and results of operations.

Adverse developments affecting the financial services industry, such as actual events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect the Company's current and projected business operations and its financial condition and results of operations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. The Company maintains the majority of its cash and cash equivalents in accounts with major U.S. institutions, and our deposits at certain of these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, there can be no assurance that we would be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our current and projected business operations, our financial condition and results of operations.

Our ability to use our net operating losses and research and development credits to offset future taxable income may be subject to certain limitations.

As of December 31, 2025, we had net operating loss carryforwards, or NOLs, of $311.6 million for federal income tax purposes and $186.6 million for state income tax purposes, which may be available to offset our future taxable income, if any. Our federal net operating loss carryforwards begin to expire at various dates through 2037, and our state net operating loss carryforwards begin to expire at various dates through 2045. As of December 31, 2025, we also had federal research and development credit carryforwards of $6.4 million, which begin to expire at various dates through 2044, and state research and development credit carryforwards of $2.0 million, which begin to expire at various dates through 2039. In general, under Sections 382 and 383 of the Internal Revenue Code of 1986, or IRC, as amended, or the Code, a corporation that undergoes an "ownership change," generally defined as a greater than 50% change by value in its equity ownership over a three-year period, is subject to limitations on its ability to utilize its pre-change NOLs and its research and development credit carryforwards to offset future taxable income. The Company had performed an IRC 382 study in 2022 which resulted in identifying three separate ownership changes that occurred on March 31, 2006, January 17, 2020, and April 13, 2022. We performed an update assessment to our IRC 382 analysis in conjunction with the May 2023 financing noting no additional ownership change. Also, as a result of the IRC 382 study performed in 2022, we wrote off $125.8 million of state net operating losses and $2.8 million of state research and development credits. We updated our IRC 382 study in 2023 given the changes to the Massachusetts apportionment to single sales resulting in a reduced amount of $125.4 million. For these reasons, in the event we experience a change of control, we may not be able to utilize a material portion of the NOLs or research and development credit carryforwards even if we attain profitability.

New tax legislation may impact our results of operations and financial condition.

We and our subsidiary are subject to tax laws and regulations in the United States. These laws and regulations are inherently complex, requiring us to make judgments about their application to our businesses. Governmental authorities may challenge our interpretations, potentially leading to administrative or judicial proceedings, penalties, or other material consequences. In addition, New income, sales use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, or interpreted, changed, modified or applied adversely to us, any of which could adversely affect our business operations and financial performance. We are currently unable to predict whether such changes will occur and, if so, the ultimate impact on our business. To the extent that such changes have a negative impact on us, including as a result of related uncertainty, these changes may materially and adversely impact our business, financial condition, results of operations and cash flows.

The Inflation Reduction Act of 2022 introduced, among other changes, a 15% corporate minimum tax on certain United States corporations and a 1% excise tax on certain stock redemptions by United States corporations. The U.S. government may enact further significant changes to the taxation of business entities. In particular, presidential, congressional, state and local elections in the United States could result in significant changes in, and uncertainty with respect to, tax legislation, regulation and government policy directly affecting our business or indirectly affecting us because of impacts on our suppliers and vendors. The likelihood of these changes being enacted or implemented is unclear. We are currently unable to predict the ultimate impact of the OBBA (as defined below), the Inflation Reduction Act or any such further changes on our business.

Further, on July 4, 2025, H.R. 1, the "One Big Beautiful Bill Act" (the "OBBBA") was signed into law in the United States. Among other changes, the OBBBA modifies key business tax provisions, including the restoration of 100% bonus depreciation under Section 168(k) of the United States Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), the restoration of the immediate deduction of U.S. domestic research and experimental expenditures under Section 174A of the Internal Revenue Code, the restoration of the EBITDA-based business interest expense limitation under Section 163(j) of the Internal Revenue Code, and changes to the computation of taxes related to international operations. Based on our current analysis of these provisions, we do not believe these provisions will have a material impact on our business and our results of operations. However, regulations and other United States Internal Revenue Service guidance implementing the OBBBA may give rise to new issues that we did not foresee, and further changes to tax laws may be implemented. Therefore, there can be no assurance that our business will not be adversely affected by the OBBBA or any other tax law changes.

Unstable global, political or economic conditions may have serious adverse consequences on our business, financial condition and share price.

The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, rising interest and inflation rates, tariffs and trade wars, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. There can be no assurance that further deterioration in credit and financial markets and confidence in economic conditions will not occur. If the equity and credit markets continue to deteriorate, or the United States enters a recession, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. In addition, international terrorism and conflicts could disrupt or otherwise adversely impact our operations and those of third parties upon which we rely. Related sanctions, export controls or other actions have and may in the future be initiated by nations including the U.S., the EU or Russia (e.g., potential cyberattacks, disruption of energy flows, etc.), which could adversely affect our business and/or our supply chain, our CROs, CMOs and other third parties with which we conduct business. Any of the foregoing could harm our business, results of operations and price of our common stock may be adversely affected.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 1C. Cybersecurity

Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information.

We design and assess our program based on the core principles of the National Institute of Standards and Technology Cybersecurity Framework, or NIST CSF. This does not imply that we meet any particular technical standards, specifications, or requirements, only that we use the NIST CSF as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- a lead IT person principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls;
- cybersecurity awareness training of our employees, incident response personnel, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for service providers, suppliers, and vendors.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations, or financial condition. We face risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. *See "Risk Factors – Our business, financial condition, and results of operations may suffer in the event of information technology system failures, cyberattacks, data security incidents, or deficiencies in our cybersecurity."*

Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee (the "Committee") oversight of cybersecurity risks, including oversight of management's implementation of our cybersecurity risk management program.

The Committee receives periodic reports from management on our cybersecurity risks. In addition, management updates the Committee, as necessary, regarding significant cybersecurity incidents.

The Committee reports to the full Board regarding its activities, including those related to cybersecurity. The full Board also periodically receives briefings from management on our cyber risk management program.

Our management team, including the Chief Financial Officer, is responsible for assessing and managing our material risks from cybersecurity threats. The CFO has primary responsibility for our overall cybersecurity risk management program and supervises both our internal information technology personnel and our retained external cybersecurity consultants. Our management team's cybersecurity experience is limited.

Our management team stays informed about and monitors efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include: briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in our IT environment.

Item 2. Properties.

We occupy one leasehold in Watertown, Massachusetts and two leaseholds in Waltham, Massachusetts. The Watertown lease, as amended, is for office and laboratory space which terminates in April 2027. In Waltham, Massachusetts we have a lease for laboratory, manufacturing and office space, which terminates in July 2033, and a sublease for laboratory and office space, which terminates in November 2032. We do not own any real property. Since the May 2024 RIF, we have been utilizing these leaseholds only partially and we have been attempting to sublease all three to preserve capital.

Item 3. Legal Proceedings.

From time to time, we may become involved in litigation relating to claims arising from the ordinary course of business. Our management believes that there are currently no claims or actions pending against us, the ultimate disposition of which could have a material adverse effect on our results of operations or financial condition.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is listed on The Nasdaq Capital Market under the symbol "LYRA."

Holders

As of February 27, 2026, there were approximately 48 holders of record of our common stock. However, because many of our outstanding shares are held in accounts with brokers and other institutions, we believe we have more beneficial owners.

Dividends

We currently intend to retain all available funds and future earnings, if any, for the operation and expansion of our business and do not anticipate declaring or paying any dividends in the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our Board of Directors after considering our financial condition, results of operations, capital requirements, contractual requirements, business prospects, and other factors the Board of Directors deems relevant, and subject to the restrictions contained in any future financing instruments.

Recent Sales of Unregistered Securities; Purchases of Equity Securities by the Issuer or Affiliated Purchaser

In the year ended December 31, 2025, we did not repurchase any of our equity securities or issue any securities that were not registered under the Securities Act of 1933, as amended (the "Securities Act").

Use of Proceeds from Initial Public Offering of Common Stock

On May 5, 2020, we completed the sale of 80,500 shares of our common stock, including 10,500 shares pursuant to the full exercise of the underwriters' option to purchase additional shares, at a public offering price of $800.00 per share. The offer and sale of the shares in our initial public offering, or IPO, was registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-236962), which was declared effective by the Securities and Exchange Commission on April 30, 2020.

There has been no material change in the planned use of proceeds from our IPO as described in our final prospectus for our IPO dated April 30, 2020 and filed pursuant to Rule 424(b)(4) under the Securities Act on May 1, 2020. We invested the funds received in cash equivalents and other short-term investments in accordance with our investment policy.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes appearing elsewhere in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis or set forth elsewhere in this Annual Report on Form 10-K, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties.

Our actual results and timing of certain events may differ materially from the results discussed, projected, anticipated, or indicated in any forward-looking statements. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition, and liquidity, and the development of the industry in which we operate may differ materially from the forward-looking statements contained in this Annual Report on Form 10-K. In addition, even if our results of operations, financial condition, and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this Annual Report on Form 10-K, they may not be predictive of results or developments in future periods.

The following information and any forward-looking statements should be considered in light of factors discussed elsewhere in this Annual Report on Form 10-K, including those risks identified under Part I, Item 1A. Risk Factors.

We caution readers not to place undue reliance on any forward-looking statements made by us, which speak only as of the date they are made. We disclaim any obligation, except as specifically required by law and the rules of the SEC, to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions, or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

Overview

We have historically been a clinical-stage biotechnology company focused on the development and commercialization of innovative, anti-inflammatory therapies for the localized treatment of patients with chronic rhinosinusitis, or CRS. In January 2026, we announced the suspension of further development of LYR-210. We also announced a workforce reduction impacting 25 employees and other cost-saving actions to preserve capital. Maria Palasis, Ph.D., Chief Executive Officer, President and Chair of the Board, and Mr. Jason Cavalier, Chief Financial Officer and Treasurer, are each being retained as consultants to support the Company's pursuit of strategic alternatives. The Company continues to evaluate potential strategic options to maximize shareholder value. There can be no assurance that the evaluation of strategic options will result in any transaction, or that any transaction, if pursued, will be completed on attractive terms, if at all. The Company has not set a timetable for the completion of this strategic review.

On March 13, 2026, The Nasdaq Stock Market, LLC ("Nasdaq") indicated that it would delist us from The Nasdaq Capital Market. This occurred after we ceased our appeal efforts with respect to Nasdaq's delisting determination, which culminated in a letter from the Nasdaq Hearings Advisor at The Nasdaq Stock Market LLC on March 13, 2026 confirming that we had withdrawn our appeal. Trading in our common stock was suspended at the open of trading on March 17, 2026. In connection with the suspension of trading, Nasdaq has indicated that it will file a Form 25 Notification of Delisting with the U.S. Securities and Exchange Commission after all internal procedural periods have run. Prior to this, on February 2, 2026 Nasdaq had notified us that Nasdaq's Listings Qualifications Staff made a delisting determination with respect to our common stock. In this letter, Nasdaq stated that, pursuant to Listing Rule 5101, it believes we are a "public shell" and that the continued listing of our securities was no longer warranted.

With respect to our historical development, in May 2024, we announced topline results from the Company's Phase 3 ENLIGHTEN 1 trial evaluating LYR-210, a bioabsorbable nasal implant designed to be administered in a simple, in-office procedure and intended to deliver six months of continuous anti-inflammatory drug therapy to the sinonasal passages for the treatment of CRS. ENLIGHTEN 1 did not meet its primary endpoint of demonstrating statistically significant improvement compared to sham control in 3CS at 24 weeks in patients without nasal polyps. Following this announcement, we reported a reduction in force of approximately 75% of our workforce, impacting 87 employees, in addition to other cost-saving measures in order to preserve capital, including the stoppage of commercialization efforts for LYR-210 and pausing development efforts for LYR-220, which is substantially similar to LYR-210 and also directed at patients living with CRS, but employs a larger implant designed for patients whose nasal cavity is larger including those patients who have undergone ethmoid sinus surgery. The Company also paused the manufacturing of both LYR-210 and LYR-220.

On June 2, 2025, we reported positive results from the Phase 3 ENLIGHTEN 2 trial evaluating LYR-210 as a six-month treatment of CRS. ENLIGHTEN 2 met its primary endpoint of demonstrating statistically significant improvement compared to sham control in the composite score of the three cardinal symptoms (3CS) of CRS (nasal obstruction, nasal discharge, facial pain/pressure) at 24 weeks in patients without nasal polyps. The ENLIGHTEN 2 trial also met the key secondary endpoints of 3CS at 24 weeks in the full population (i.e., patients with and without nasal polyps) and in the clinically-validated SNOT-22 score at 24 weeks, with symptom improvement observed as early as week 4. Consistent with previous studies, LYR-210 was well-tolerated, with no product-related serious adverse events in the ENLIGHTEN 2 trial. An additional clinical trial that was confirmed as a requirement for submission of a New Drug Application ("NDA") for LYR-210 for the treatment of CRS without nasal polyps, based on a September 2025 meeting with the U.S. Food and Drug Administration ("FDA"). Any resumption of development activities would require successful completion of a strategic transaction or obtaining significant additional funding, which may not be available.

Following the June 2, 2025 announcement, we raised approximately $5.0 million in gross proceeds by selling 423,372 shares of common stock (or pre-funded warrants in lieu thereof) in a registered direct offering and, in a concurrent private placement, warrants to purchase up to 846,744 shares of common stock, priced at-the-market under Nasdaq rules. The combined effective purchase price for each share of common stock (or pre-funded warrant in lieu thereof) and associated private placement warrant is $11.81. The private placement warrants have an exercise price of $11.56 per share of common stock, will be immediately exercisable and will expire twenty-four months following the effective date of the resale registration statement registering the shares of common stock issuable upon exercise of private placement warrants from investors pursuant to a registered direct offering (the "June 2025 Financing").

Our operations to date were limited to organizing and staffing our Company, business planning, raising capital, developing our technology, building our intellectual property portfolio and conducting research and development activities, including clinical manufacturing for our product candidates. We do not have any products approved for sale and have not generated any revenue from product sales.

From inception through December 31, 2025, we have raised an aggregate of $429.8 million to fund our operations, of which $162.1 million were gross proceeds from sales of our redeemable convertible preferred stock, $96.3 million were net proceeds from the private placement of common stock in April 2022 (the "April 2022 Financing"), $46.5 million were net proceeds from our May 2023 Financing, $57.3 million were net proceeds from our initial public offering, $23.9 million were net proceeds related to our Controlled Equity Offering Agreement (the "Original Sales Agreement") dated September 1, 2023, $4.3 million were net proceeds from our June 2025 Financing, $16.8 million were gross proceeds from government contracts, $17.0 million were gross proceeds from the LianBio License Agreement, and $3.8 million were gross proceeds from the exercise of common stock warrants. Further, we currently have an effective shelf registration statement on Form S-3 (No. 333-278163) filed with the SEC on March 22, 2024 ("Form S-3"). On March 25, 2026, we filed post-effective amendments to our active S-3 and S-8 registration statements to terminate the offerings contemplated thereby and to remove all unused registered shares.

We have incurred recurring net operating losses every year since inception and expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. Our net losses may fluctuate significantly from quarter to quarter and year to year and could be substantial. Our net losses inception to date were $433.7 million at December 31, 2025. As of December 31, 2025, we had approximately $15.9 million of cash and cash equivalents. These conditions raise substantial doubt about our ability to continue as a going concern for one year from the date these consolidated financial statements are issued.

Based on our current operating plan, management has concluded that there is substantial doubt regarding our ability to continue as a going concern. Excluding the cost of the third Phase 3 trial, which would require additional funding to be advanced, management believes that our existing cash and cash equivalents will enable us to fund our operating expenses and capital expenditure requirements into the third quarter of 2026. We have based these estimates on assumptions that may prove to be imprecise or incorrect, and we may use our available capital resources sooner than we currently expect. See "Liquidity and Capital Resources." Because of the numerous risks and uncertainties associated with the development of our product candidates and any future product candidates and technology, and because the extent to which we may enter into collaborations with third parties for development of any of our product candidates is unknown, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the research, development and manufacturing of our product candidates.

If we raise additional funds through additional collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs, or

product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce, or terminate our product development programs or any future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Nasdaq Listing

On March 13, 2026 Nasdaq indicated that it would delist us from The Nasdaq Capital Market. This occurred after we ceased our appeal efforts with respect to Nasdaq's delisting determination, which culminated in a letter from the Nasdaq Hearings Advisor at The Nasdaq Stock Market LLC on March 13, 2026 confirming that we had withdrawn our appeal. Trading in our common stock was suspended at the open of trading on March 17, 2026. In connection with the suspension of trading, Nasdaq has indicated that it will file a Form 25 Notification of Delisting with the U.S. Securities and Exchange Commission after all internal procedural periods have run.

On February 2, 2026, we received a letter (the "Staff Determination Letter") from the Listing Qualifications Department of Nasdaq notifying the Company that Nasdaq has determined to delist our common stock from The Nasdaq Stock Market. In the Staff Determination Letter, Nasdaq stated that, pursuant to Listing Rule 5101, it believes the Company is a "public shell" and that the continued listing of our securities is no longer warranted. Nasdaq cited our January 12, 2026 Form 8-K disclosure, in which we announced that our Board of Directors had approved a plan to suspend development of LYR-210, our lead product candidate, and a reduction in force that resulted in the termination of employment of nearly all of our employees including the conversion of both the Chief Executive Officer and Chief Financial Officer from employees to consultants. Based on these factors, in Nasdaq's view we no longer have an operating business and may be subject to market abuses or other conduct detrimental to the interests of the investing public.

Additionally, Nasdaq cited as a separate basis for delisting our failure to comply with the minimum $2,500,000 stockholders' equity requirement for continued listing set forth in Listing Rule 5550(b). Nasdaq had previously notified us on August 20, 2025, as described below, that we did not comply with this requirement and had granted us an extension until December 31, 2025, to regain compliance. We subsequently requested additional time until January 30, 2026, to complete a financing transaction; however, Nasdaq determined that we did not meet the terms of the extension and have no basis to grant additional time given that we effectively laid off our entire staff and have no current operations.

Prior to this, during 2025, in an effort to regain compliance with the Minimum Bid Price Requirement, on March 13, 2025, our board of directors (the "Board") approved a discretionary reverse stock split of our common stock in the range of 1-for-10 shares and 1-for-50 shares (the "Reverse Stock Split"), subject to stockholder approval at our annual meeting of stockholders held on May 14, 2025 (the "Annual Meeting"). At the Annual Meeting, the stockholders approved the Reverse Stock Split. Following the Annual Meeting, the Board fixed the ratio of the Reverse Stock Split at 1-for-50 shares. On May 27, 2025, the Company filed a Certificate of Amendment to its Restated Certificate of Incorporation, as amended with the Secretary of State of the State of Delaware to effect a 1-for-50 reverse stock split of the Company's common stock, par value $0.001 per share (the "common stock"), effective May 27, 2025 at 5:00 p.m., Eastern Time.

As a result of the Reverse Stock Split, every 50 shares of our issued and outstanding common stock was automatically combined into one issued and outstanding share of common stock, without any change in the par value per share. No fractional shares were issued as a result of the Reverse Stock Split. Instead, any fractional shares of common stock that would have otherwise resulted from the Reverse Stock Split were rounded down to the nearest whole share and repurchased by the Company, which resulted in a reduction of 48 shares of common stock issued for the round down of fractional shares. The Certificate of Amendment did not amend the number of authorized shares of common stock, which remained unchanged at 100,000,000 shares. The common stock began trading on a post-split basis on Nasdaq as of the open of trading on May 28, 2025.

Proportionate adjustments were made to the exercise price and number of shares issuable upon the exercise of options outstanding, and the number of shares subject to restricted stock units under the Company's equity incentive plans.

All references to common stock, equity-based common stock awards and all share and per share data contained in this Annual Report on Form 10-K have been adjusted to reflect the Reverse Stock Split.

Financial Operations Overview

Revenue

To date, we have not generated any revenue from product sales and do not expect to generate any revenue from the sale of products in the foreseeable future. As of December 31, 2025 we have recognized $5.1 million of collaboration revenue from our LianBio License Agreement.

If development were to resume following a strategic transaction, and if our development efforts for our product candidates are successful and result in regulatory approval and successful commercialization efforts, or additional collaboration agreements, we may generate revenue in the future from product sales, payments from additional collaboration or license agreements that we may enter into with third parties, or any combination thereof. We cannot predict if, when, or to what extent we will generate revenue from the commercialization and sale of our product candidates. We may never succeed in obtaining regulatory approval for any of our product candidates.

Regarding our collaboration agreement with LianBio, we cannot provide assurance as to the timing of future milestones or royalty payments from LianBio or that we will receive any of these payments at all, especially in view of LianBio's wind down activities.

Collaboration Agreement

On September 26, 2022, we entered into an amended LianBio License Agreement with LianBio to develop and commercialize LYR-210 in Greater China (mainland China, Hong Kong, Taiwan, and Macau), South Korea, Singapore and Thailand. Under the terms of the LianBio License Agreement, we received an upfront payment of $12.0 million. In February 2022, the Company achieved a development milestone of $5.0 million for dosing the first patient in the U.S., and the related cash amount was achieved in April 2022. The Company is eligible to receive up to $135.0 million in future payments based upon the achievement of specified development, regulatory and commercialization milestones. Upon commercialization on a region-by-region basis, we will be entitled to receive low double-digit royalties based on net sales of LYR-210 in the licensed territories. LianBio will be responsible for the clinical development and commercialization of LYR-210 in the licensed territories, and we will retain all rights to LYR-210 in all other geographies. As part of the LianBio License Agreement, LianBio will also have the first right to obtain development and commercial rights in the licensed territories to our LYR-220 product candidate.

We assessed this arrangement in accordance with ASC 606 and concluded that the contract counterparty, LianBio, is a customer. At the commencement of the arrangement, we identified the following material promises: (1) license to develop and commercialize LYR-210, (2) manufacturing activities related to the clinical supply of LYR-210, (3) a non-exclusive license to manufacture LYR-210 and obligation to transfer manufacturing technology in the case of a supply failure, and (4) the Company's performance of the development activities related to the global Phase 3 clinical trial. We determined that the license to develop and commercialize LYR-210, the manufacturing activities related to the clinical supply of LYR-210, and the non-exclusive license to manufacture LYR-210 and obligation to transfer manufacturing technology in the case of a supply failure represent a single performance obligation because of the specialized nature of the LYR-210 manufacturing process whereby the license cannot be separated from the manufacturing activities related to the supply of LYR-210 and the right to manufacture LYR-210 is only available if there is a supply failure. For the purposes of ASC 606, we determined there were two distinct performance obligations: (1) the license to develop and commercialize LYR-210, manufacturing activities related to the clinical supply of LYR-210, and the non-exclusive license to manufacture LYR-210 and obligation to transfer manufacturing technology in the case of a supply failure, and (2) the Company's performance of the development activities related to the global Phase 3 clinical trial.

Under the LianBio License Agreement, in order to evaluate the transaction price for purposes of ASC 606, we determined that the upfront payment of $12.0 million and the reimbursable cost of the clinical supply of LYR-210 constitute the entirety of the consideration to be included in the transaction price as of the outset of the arrangement, which was allocated to the two performance obligations. The potential milestone payments that we are eligible to receive were excluded from the transaction price, as all milestone amounts were fully constrained based on the probability of achievement.

Additionally, we determined that LianBio's right of first refusal to obtain development and commercial rights in the licensed territories to LYR-220 is an option as any agreement would be negotiated at arm's length and as a result does not provide a material right to LianBio and as such, is not considered a performance obligation.

We will recognize the revenue associated with the license to develop and commercialize LYR-210, manufacturing activities related to the clinical supply of LYR-210, and the non-exclusive license to manufacture LYR-210 and obligation to transfer manufacturing technology in the case of a supply failure combined performance obligation as the clinical supply of LYR-210 is delivered. We recognize revenue associated with the development activities related to the global Phase 3 clinical trial performance obligation as the development activities are performed using an input method, according to the costs incurred as to the development activities related to the global Phase 3 clinical trial and the costs expected to be incurred in the future to satisfy the performance obligation. The transfer of control occurs over this time period and, in management's judgment, is the best measure of progress towards satisfying the performance obligation. The amounts received that have not yet been recognized as revenue are deferred as a contract liability on our consolidated balance sheets and will be recognized as the clinical supply of LYR-210 is delivered and over the remaining time it takes to conduct the global Phase 3 clinical trial, respectively.

In October 2023, LianBio announced that its board of directors commenced a comprehensive strategic review of its business. The LianBio Board ultimately concluded that selling off assets and winding down operations was the best way to realize maximum shareholder value. LianBio reported that a substantial portion of the wind down activities, including fulfillment of transition service obligations under its existing agreements and gradual cessation of currently active clinical trials, will be completed by the end of 2024. As announced in February 2024, LianBio further reduced the size of its workforce to approximately 50 employees and further reduced that number over the course of 2024. LianBio stated it will maintain a core group of employees necessary to implement an orderly wind down and support its efforts to maximize the value of its remaining business and assets including the collaboration with the Company. Due to these developments, the future of the Company's collaboration with LianBio is uncertain as LianBio continues its wind down, while seeking a third party to acquire LianBio's rights under the LianBio License Agreement. In November 2024, we entered into a novation agreement which substituted LianBio Cayman for LianBio HK.

Operating Expenses

Our operating expenses since inception through the year ended December 31, 2025 have consisted solely of research and development costs and general and administrative costs.

Research and Development Expenses

During fiscal year ended December 31, 2025, research and development expenses consist primarily of costs incurred for our research activities, including the development of and pursuit of regulatory approval of our most advanced product candidate, LYR-210, for the treatment of CRS, which include:

- employee-related expenses, including salaries, benefits, and stock-based compensation expense for personnel engaged in research and development functions;
- expenses incurred in connection with the clinical development of our product candidates, including under agreements with contract research organizations ("CROs"), investigative sites, and consultants;
- costs of manufacturing our product candidates for use in our clinical trials;
- consulting and professional fees related to research and development activities;
- costs related to compliance with clinical regulatory requirements; and
- facility costs and other allocated expenses, which include expenses for rent and maintenance of our facility, utilities, depreciation, and other supplies.

We expense research and development costs as incurred. We recognize costs for certain development activities, such as clinical trials, based on an evaluation of the progress to completion of specific tasks using data such as clinical site activations, patient enrollment, or information provided to us by our vendors and our clinical investigative sites. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, and may be reflected in our consolidated financial statements as prepaid or accrued research and development expenses.

Our research and development expenses consisted primarily of costs such as employee compensation, consulting fees, fees paid to CMOs and CRO expenses in connection with our clinical development activities, which have been

suspended.

We typically use our employee and infrastructure resources across our development programs and we do not allocate personnel costs and other internal costs to specific product candidates or development programs with the exception of the costs to manufacture our product candidates.

We expect that our research and development expenses will decrease for the foreseeable future as a result of the recent restructuring actions. If development were to resume following a strategic transaction, the successful development of LYR-210, and other potential future product candidates is highly uncertain. Accordingly, at this time, we cannot reasonably estimate or know the nature, timing, and costs of the efforts that will be necessary to complete the development of these product candidates. We are also unable to predict when, if ever, we will generate revenue and material net cash inflows from the commercialization and sale of any of our product candidates for which we may obtain marketing approval. We may never succeed in achieving regulatory approval for any of our product candidates. The duration, costs, and timing of preclinical studies, clinical trials, and development of our product candidates will depend on a variety of factors, including:

- successful completion of clinical trials with safety, tolerability, and efficacy profiles for LYR-210, and any potential future product candidates that are satisfactory to the FDA or any comparable foreign regulatory authority;
- approval of an Investigational New Drug Application ("IND") for any potential future product candidate to commence planned or future clinical trials in the United States or foreign countries;
- significant and changing government regulation and regulatory guidance;
- timing and receipt of marketing approvals from applicable regulatory authorities;
- making arrangements with CMOs for third-party clinical and commercial manufacturing to obtain sufficient supply of our product candidates;
- obtaining and maintaining patent and other intellectual property protection and regulatory exclusivity for our product candidates;
- commercializing the product candidates, if and when approved, whether alone or in collaboration with others;
- competition with other therapies; and
- business interruptions resulting from global events such as pandemics.

A change in the outcome of any of these variables with respect to the development, manufacture, or commercialization enabling activities of any of our product candidates would significantly change the costs, timing, and viability associated with the development of that product candidate. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials beyond those that we anticipate will be required for the completion of clinical development of a product candidate, or if we experience significant delays in our clinical trials due to patient enrollment or other reasons, we may be required to expend significant additional financial resources and time on the completion of clinical development.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and other related costs, including stock-based compensation, for personnel in executive, finance, and administrative functions. General and administrative expenses also include direct and allocated facility-related costs as well as professional fees for legal, patent, consulting, investor, public relations, accounting, auditing, tax services, and insurance costs.

We will continue to incur expenses associated with being a public company, including costs of accounting, audit, legal, regulatory, and tax-related services associated with maintaining compliance with exchange listing and SEC requirements, director and officer insurance costs, and investor and public relations costs.

Interest Income

Interest income consists of interest income earned on our cash and cash equivalents and short-term investments and in the year ended December 31, 2025, interest received with payroll tax refunds from the COVID-19 Employee Retention Credit in the second quarter of 2025.

Other Income

For the year ended December 31, 2025, other income primarily consists of payroll tax refunds received by the Company in the second quarter of 2025 from the COVID-19 Employee Retention Credit.

Income Tax Expense

Income tax consists of income tax related to the Company's Massachusetts Security Corporation. The Company has not recorded any benefits related to its operating losses due to uncertainty regarding future taxable income.

Critical Accounting Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses, the disclosure of contingent assets and liabilities in our consolidated financial statements during the reporting periods and estimates used to assess our ability to continue as a going concern. These items are monitored and analyzed by us for changes in facts and circumstances, and material changes in these estimates could occur in the future. We base our estimates on historical experience, known trends and events, and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Changes in estimates are reflected in reported results for the period in which they become known. Actual results may differ materially from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in the notes to our consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K, we believe the following accounting policies used in the preparation of our consolidated financial statements require the most significant judgments and estimates.

Going Concern Evaluation and Presentation

Based on our current operating plan, we believe that our current cash and cash equivalents will be sufficient to enable us to fund our operating expenses and capital expenditure requirements into the third quarter of 2026. Significant assumptions exist surrounding the use of our capital resources which could give rise to the use of available capital resources sooner than we currently expect. Changing circumstances could cause us to consume capital significantly faster than we currently anticipate, and we may need to spend more than currently expected because of circumstances beyond our control. Because the length of time and activities associated with successful development of LYR-210 and LYR-220 is highly uncertain, we are unable to estimate the actual funds we will require for development, approval, and any approved marketing and commercialization activities.

Impairment of Long-Lived Assets

Long-lived assets consist of property and equipment and right-of-use assets. Management continually evaluates long-lived assets for potential impairment when events or changes in circumstances indicate the carrying value of the assets may not be recoverable. Recoverability is measured by comparing the book values of the assets to the expected future net undiscounted cash flows that the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the book values of the assets exceed their fair value. We also assess our right-of-use assets for impairment based on triggering events.

Revenue Recognition

Under ASC Topic 606, an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, including variable consideration, if any; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. We only apply the five-step model to contracts when it is probable that the entity will collect the consideration to which it is entitled in exchange for the goods or services it transfers to the customer.

Once a contract is determined to be within the scope of ASC 606, we assess the goods or services promised within each contract and determines those that are performance obligations. Arrangements that include rights to additional goods or services that are exercisable at a customer's discretion are generally considered options. We assess if these options provide a material right to the customer and if so, they are considered performance obligations. The identification of material rights requires judgments related to the determination of the value of the underlying good or service relative to the option exercise price. The exercise of a material right is accounted for as a contract modification for accounting purposes.

We assess whether each promised good or service is distinct for the purpose of identifying the performance obligations in the contract. This assessment involves subjective determinations and requires management to make judgments about the individual promised goods or services and whether such are separable from the other aspects of the contractual relationship. Promised goods and services are considered distinct provided that: (i) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct) and (ii) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract). In assessing whether a promised good or service is distinct, we consider factors such as the research, manufacturing and commercialization capabilities of the collaboration partner, and the availability of the associated expertise in the general marketplace. We also consider the intended benefit of the contract in assessing whether a promised good or service is separately identifiable from other promises in the contract. If a promised good or service is not distinct, an entity is required to combine that good or service with other promised goods or services until it identifies a bundle of goods or services that is distinct.

The transaction price is then determined and allocated to the identified performance obligations in proportion to their standalone selling prices ("SSP") on a relative SSP basis. SSP is determined at contract inception and is not updated to reflect changes between contract inception and when the performance obligations are satisfied. Determining the SSP for performance obligations requires significant judgment. In developing the SSP for a performance obligation, we consider applicable market conditions and relevant entity-specific factors, including factors that were contemplated in negotiating the agreement with the customer and estimated costs. We validate the SSP for performance obligations by evaluating whether changes in the key assumptions used to determine the SSP will have a material effect on the allocation of arrangement consideration between multiple performance obligations.

If the consideration promised in a contract includes a variable amount, we estimate the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. We determine the amount of variable consideration by using the expected value method or the most likely amount method. We include the unconstrained amount of estimated variable consideration in the transaction price. The amount included in the transaction price is constrained to the amount for which it is probable that a significant reversal of cumulative revenue recognized will not occur. At the end of each subsequent reporting period, we re-evaluate the estimated variable consideration included in the transaction price and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis in the period of adjustment.

If an arrangement includes development and regulatory milestone payments, we evaluate whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within our control or the licensee's control, such as regulatory approvals, are generally not considered probable of being achieved until those approvals are received.

For arrangements with licenses of intellectual property that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, we

recognize royalty revenue and sales-based milestones at the later of (i) when the related sales occur, or (ii) when the performance obligation to which the royalty has been allocated has been satisfied.

In determining the transaction price, we adjust consideration for the effects of the time value of money if the timing of payments provides us with a significant benefit of financing. We do not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the licensees and the transfer of the promised goods or services to the licensees will be one year or less. We assessed our revenue generating arrangement in order to determine whether a significant financing component exists and concluded that a significant financing component does not exist.

We then recognize as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) each performance obligation is satisfied, either at a point in time or over time, and if over time recognition is based on the use of an output or input method.

Collaborative arrangement revenue

On May 31, 2021, and amended on September 26, 2022, the Company entered into the LianBio License Agreement with LianBio, to develop and commercialize LYR-210 in Greater China (mainland China, Hong Kong, Taiwan, and Macau), South Korea, Singapore and Thailand. See Note 13 to the consolidated financial statements included in this Annual Report on Form 10-K for further discussion of the arrangement.

As part of the accounting for this arrangement, we must develop assumptions that require judgment to determine the stand-alone selling price for each performance obligation identified in the contract. For example, a proportion of the stand-alone selling price is related to research and clinical trial work and development performed whereby revenue is recognized as the underlying services are performed using a cost-to-cost model. We measure the extent of progress towards completion based on the ratio of actual costs incurred to the total estimated costs expected upon satisfying the identified performance obligation.

Accrued Research and Development Expenses

As part of the process of preparing our consolidated financial statements, we are required to estimate our accrued research and development expenses. This process involves reviewing purchase orders and open contracts, communicating with our personnel to identify services that have been performed on our behalf, and estimating the level of service performed and the associated cost incurred for the services when we have not yet been invoiced or otherwise notified of the actual cost. The majority of our service providers invoice us monthly in arrears for services performed, on a pre-determined schedule, or when contractual milestones are met; however, some require advance payments. We make estimates of our accrued expenses as of each balance sheet date in our consolidated financial statements based on facts and circumstances known to us at that time. We periodically confirm the accuracy of our estimates with the service providers and make adjustments if necessary. The significant estimates in our accrued research and development expenses include the following costs incurred for services in connection with research and development activities for which we have not yet been invoiced:

- vendors in connection with preclinical development activities;
- vendors in connection with the testing of preclinical and clinical trial materials;
- CROs in connection with preclinical and clinical studies; and
- investigative sites in connection with clinical trials.

Prior to implementing our restructuring in May 2024, our practice was to contract with CROs to conduct clinical and other research and development services on our behalf. We base our expenses related to CROs on our estimates of the services received and efforts expended pursuant to quotes and contracts with them. The financial terms of these agreements are subject to negotiation, vary from contract to contract, and may result in uneven payment flows. There may be instances in which payments made to our CROs will exceed the level of services provided and result in a prepayment of the research and development expense. In accruing service fees, we estimate the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from our estimate, we adjust the accrual or amount of prepaid expense accordingly. Non-refundable advance payments for

goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made.

Although we do not expect our estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low in any particular period. To date, there have not been any material adjustments to our prior estimates of accrued research and development expenses.

Stock-Based Compensation

We apply the fair value recognition provisions of ASC 718, *Compensation—Stock Compensation*, or ASC 718, for stock-based awards granted to employees and directors for their services on the Board of Directors. Determining the amount of stock-based compensation to be recorded requires us to develop estimates of the fair value of stock options as of their grant date. We estimate the fair value of each stock option grant using the Black-Scholes option-pricing model. Calculating the fair value of stock-based awards requires that we make subjective assumptions.

Pursuant to ASC 718, we measure stock-based awards granted to employees and members of the Board of Directors at fair value on the date of grant and recognize the corresponding stock-based compensation expense of those awards on a straight-line basis over the requisite service period, which is generally the vesting period of the respective award. We have historically granted stock options with exercise prices equivalent to the fair value of our common stock as of the date of grant.

We account for stock-based awards to non-employees in accordance with ASU No. 2018-07, *Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*, or ASU No. 2018-07, which simplifies the accounting for stock-based payments granted to non-employees for goods and services. Under ASU No. 2018-07, most of the guidance on such payments to non-employees would be aligned with the requirements for stock-based payments granted to employees. Stock-based compensation arrangements to non-employees are accounted for in accordance with the applicable provisions of ASC 718 using a grant date fair value approach.

The Black-Scholes option-pricing model uses the following inputs: the fair value of our common stock, the expected volatility of our common stock, the expected term of our stock options, the risk-free interest rate for a period that approximates the expected term of our stock options, and our expected dividend yield. We utilize historical volatility to approximate expected volatility. Prior to our IPO in 2020, we have historically been a private company and lack company-specific historical and implied volatility data. Therefore, we have based our computation of expected volatility on the historical volatility of a representative group of public companies with similar characteristics to us, including stage of product development, life science industry focus, length of trading history, and similar vesting provisions. The historical volatility data is calculated based on a period of time commensurate with the expected term assumption. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own stock price becomes available or until circumstances change, such that the identified entities are no longer representative companies. In the latter case, more suitable, similar entities whose share prices are publicly available would be utilized in the calculation. We use the simplified method as prescribed by the SEC Staff Accounting Bulletin No. 107, *Share-Based Payment*, to calculate the expected term for options granted to employees as it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The expected term is applied to the stock option grant group as a whole, as we do not expect substantially different exercise or post-vesting termination behavior among its employee population. For options granted to non-employees, we utilize the contractual term of the share-based payment as the basis for the expected term assumption. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected term of the stock options. The expected dividend yield is assumed to be zero as we have never paid cash dividends and has no current plans to pay any cash dividends on its common stock. Our policy is to recognize forfeitures as they occur.

Results of Operations

Comparison of the Years Ended December 31, 2025 and 2024

The following table summarizes our results of operations for the years ended December 31, 2025 and 2024 (in thousands):

	Year Ended December 31,		Dollar Change
	2025	2024	
Collaboration revenue	$ 398	$ 1,534	$ (1,136)
Operating expenses:			
Research and development	18,411	43,766	(25,355)
General and administrative	11,540	18,501	(6,961)
Impairment of property and equipment	—	1,883	(1,883)
Impairment of right-of-use assets	—	22,836	(22,836)
Restructuring and other related charges	1,469	10,896	(9,427)
Total operating expenses	31,420	97,882	(66,462)
Loss from operations	(31,022)	(96,348)	65,326
Other income:			
Interest income	1,133	2,952	(1,819)
Other income	981	—	981
Total other income	2,114	2,952	(838)
Loss before income tax expense	(28,908)	(93,396)	64,488
Income tax expense	(11)	(39)	28
Net loss	$ (28,919)	$ (93,435)	$ 64,516

Collaboration Revenue

The decrease in collaboration revenue was a result of a decrease in revenue recognized under the LianBio License Agreement, which we entered into on May 31, 2021.

Research and Development Expenses

Research and development expense decreased by $25.4 million to $18.4. million for the year ended December 31, 2025 from $43.8 million for the year ended December 31, 2024.

The decrease in research and development expenses for the year ended December 31, 2025 was primarily attributable to decreased clinical costs of $12.3 million as we completed both the ENLIGHTEN 1 and ENLIGHTEN 2 trials for LYR-210, a decrease in employee related costs of $6.8 million primarily driven by the effect of a reduction in force that commenced in May 2024, a $2.6 million decrease in allocated and support costs and depreciation for activities shared between the general & administrative and research & development functions within the organization and driven by headcount allocation, a decrease of $2.5 million in product development and manufacturing costs, and a decrease of $1.2 million in professional and consulting fees.

General and Administrative Expenses

General and administrative expense decreased by $7.0 million to $11.5 million for the year ended December 31, 2025 from $18.5 million for the year ended December 31, 2024.

The decrease in general and administrative expenses for the year ended December 31, 2025 was attributable to a $5.5 million decrease in employee related costs primarily due to the May 2024 RIF, a $1.4 million decrease in costs for professional and consulting fees as we scaled back activities subsequent to announcing in May 2024 that the ENLIGHTEN 1 trial did not meet its primary endpoint and a $0.2 million decrease in allocated and support costs and depreciation for activities shared between the general & administrative and research & development functions within the organization and driven by headcount allocation, partially offset by an increase in public company costs of $0.1 million.

Impairment & Restructuring and Other Related Charges

We incurred no impairment costs related to our property and equipment and right-of-use assets for the year ended December 31, 2025.

We incurred impairment costs related to property and equipment of $1.9 million for the year ended December 31, 2024. During the second quarter of 2024 and as a result of our Phase 3 ENLIGHTEN 1 trial failing to meet its primary endpoint, we performed a recoverability test for property and equipment and concluded that the undiscounted cash flows associated with our property and equipment was less than its carrying value. We then compared the fair value of the property and equipment to the carrying value and recorded an impairment charge in the amount of $1.9 million which is included as an impairment of property and equipment in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2024.

We incurred no impairment costs related to our right-of-use assets for the year ended December 31, 2025 as compared to $22.8 million for the year ended December 31, 2024. In connection with our Phase 3 ENLIGHTEN 1 trial failing to meet its primary endpoint, in May 2024, we engaged a commercial real estate broker to market the Company's three leased properties for sublease arrangements. Based upon these impairment indicators, we performed a recoverability test over our right-of-use assets in 2024 and concluded that the right-of-use assets were impaired. As a result, we recorded an impairment charge in the amount of $22.8 million, which is included as an impairment of right-of-use assets in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2024. As of December 31, 2025, we have not sublet any of our leased properties.

We incurred a total restructuring charge in the amount of $1.5 million primarily related to severance and retention costs for the year ended December 31, 2025 compared to charges of $10.9 million for the year ended December 31, 2024. In connection with our ENLIGHTEN 1 trial failing to meet its primary endpoint, on May 16, 2024, our Board of Directors approved a reduction in our workforce, impacting 87 employees, which occurred during May and June 2024. We incurred costs related to employee termination benefits and other costs associated with the restructuring mainly during the second quarter of 2024. These amounts are recorded as restructuring and other related charges within our consolidated statements of operations and comprehensive loss as they are incurred. For the year ended December 31, 2025, restructuring and other related charges consisted of $1.2 million of severance costs and $0.3 million of retention costs.

Interest Income

Interest income decreased by $1.9 million to $1.1 million for the year ended December 31, 2025 from $3.0 million for the year ended December 31, 2024. Interest income for both periods was primarily attributable to interest earned on the Company's cash equivalents and in 2024, short-term investments, and also included $0.1 million of interest income received with payroll tax refunds from the COVID-19 Employee Retention Credit in the year ended December 31, 2025. The decrease in interest income was largely due to the net decrease in the combined balance of short-term investments and cash equivalents for the year ended December 31, 2025 compared to the year ended December 31, 2024.

Other Income

Other income was $1.0 million for the year ended December 31, 2025, compared to none for the year ended December 31, 2024. Other income primarily consisted of payroll tax refunds received by the Company in the year ended December 31, 2025 from the COVID-19 Employee Retention Credit.

Income Tax Expense

During the year ended December 31, 2025 we recorded an income tax expense of $11,000 related to investment income, which was related to our cash equivalents held by our Massachusetts Securities Corporation. During the year ended December 31, 2024, we recorded an income tax expense of $39,000 related to our cash equivalents and short-term investments held by the Massachusetts Securities Corporation. The decrease in income tax expense was primarily attributable to the balance held within our combined cash equivalents and short-term investments.

Liquidity and Capital Resources

Sources of Liquidity

From inception through December 31, 2025 we have raised an aggregate of $429.8 million to fund our operations, of which $162.1 million were gross proceeds from sales of our redeemable convertible preferred stock, $96.3 million were net proceeds from our April 2022 Financing (defined below), $46.5 million were net proceeds from our May 2023 Financing, $57.3 million were net proceeds from our initial public offering, $23.9 million were net proceeds related to our Original Sales Agreement dated September 1, 2023, $4.3 million were net proceeds from our June 2025 Financing, $16.8 million were gross proceeds from government contracts, $17.0 million were gross proceeds from the LianBio License Agreement, and $3.8 million were gross proceeds from the exercise of common stock warrants.

On March 13, 2026, Nasdaq notified us that it will commence procedures to delist us from The Nasdaq Capital Market. This occurred after we ceased our appeal efforts with respect to Nasdaq's delisting determination, which culminated in a letter from the Nasdaq Hearings Advisor at The Nasdaq Stock Market LLC on March 13, 2026 confirming that we had withdrawn our appeal. Trading in our common stock was suspended at the open of trading on March 17, 2026. In connection with the suspension of trading, Nasdaq has indicated that it will file a Form 25 Notification of Delisting with the U.S. Securities and Exchange Commission after all internal procedural periods have run.

The following table provides information regarding our total cash and cash equivalents at December 31, 2025 and 2024 (in thousands):

	As of December 31,	
	2025	2024
Cash and cash equivalents	$ 15,893	$ 40,577
Total	$ 15,893	$ 40,577

We maintain the majority of our cash and cash equivalents in accounts with major highly rated multi-national and local financial institutions, and our deposits at these institutions exceed insured limits. Market conditions can impact the viability of these institutions, and any inability to access or delay in accessing these funds could adversely affect our business and financial position.

Under the shelf registration statement on Form S-3 (No. 333-256020) filed with the SEC on May 11, 2021, or the Form S-3, under which we may offer from time to time in one or more offerings any combination of common and preferred stock, debt securities, warrants and units of up to $250.0 million in the aggregate. See Note 10 for additional details.

On May 11, 2021, we entered into an Open Market Sales Agreement, or 2021 ATM Agreement, or Sales Agreement, with Jefferies LLC, or Jefferies, to sell shares of our common stock, from time to time, with aggregate gross sales proceeds of up to $50.0 million, through an at-the-market equity offering program under which Jefferies will act as our sales agent. As of December 31, 2022, we had received no proceeds from the sale of shares of common stock pursuant to the 2021 ATM Agreement. As of March 27, 2023 we terminated the 2021 ATM agreement with Jefferies.

On April 13, 2022, we announced the closing of the 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 ("April 2022 Financing"). We received approximately $96.3 million in net proceeds after deducting estimated offering costs of $4.2 million. Pursuant to the securities purchase agreement, (i) certain investors purchased an aggregate of 376,303 shares of common stock at $211.00 per share for gross proceeds to the Company of $79.4 million and (ii) certain investors purchased pre-funded warrants to purchase an aggregate of 100,000 shares of common stock, with the exercise price of $0.001 per share for gross proceeds of $21.1 million to the Company. The warrants are exercisable on and after April 13, 2022 and expire on April 12, 2027.

On May 25, 2023, we entered into a Securities Purchase Agreement (the "Purchase Agreement"), with the purchasers named therein (the "Investors"), pursuant to which the Company agreed to sell securities to the Investors in a private placement (the "Private Placement"). The Purchase Agreement provided for the sale and issuance by the Company of: (i) an aggregate of 353,059 shares (the "Shares") of the Company's common stock, par value $0.001 per share (the "Common Stock"), and pre-funded warrants to purchase up to 48,163 shares of Common Stock (the "2023 Pre-Funded Warrants"), with an exercise price of $0.001 per share, and (ii) accompanying warrants to purchase up to 24,081 shares of Common Stock (the

"Purchase Warrants"), with an exercise price of $133.65 per share, for aggregate gross proceeds of approximately $50.0 million, before deducting private placement expenses. Each Share (or Pre-Funded Warrant to purchase one share) was issued with an accompanying Purchase Warrant to purchase one-half of one share, and 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 $125.625 (less the exercise price of the Pre-Funded Warrant, if applicable). Each Pre-Funded Warrant was exercisable immediately and will expire on May 31, 2028. Each Purchase Warrant will be exercisable at any time on or after November 30, 2023 and will expire on November 30, 2028.

The closing of the Private Placement occurred on May 31, 2023.

On September 1, 2023, we entered into a Controlled Equity Offering Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor") pursuant to which the Company may offer and sell, from time to time through Cantor, shares of the Company's common stock for aggregate gross proceeds of up to $50.0 million. The offering and sale of up to $50.0 million of the common shares has been registered under the Securities Act, pursuant to the Company's Registration Statement on Form S-3 (File No. 333-256020) (the "Registration Statement"), which was originally filed with the SEC on May 11, 2021, and declared effective by the SEC on May 20, 2021, the base prospectus contained within the Registration Statement, and a prospectus supplement relating to the shares that was filed with the SEC on September 1, 2023.

Pursuant to the Sales Agreement, Cantor may sell the shares in sales deemed to be "at the market offerings" as defined in Rule 415(a)(4) promulgated under the Securities Act. The Company has no obligation to sell any of the shares under the Sales Agreement and may at any time suspend or terminate the offering of the shares pursuant to the Sales Agreement upon notice to Cantor and subject to other conditions. Cantor will act as sales agent and will use commercially reasonable efforts to sell on the Company's behalf all of the shares requested to be sold by the Company, on mutually agreed terms between Cantor and the Company.

The Sales Agreement contains customary representations, warranties and agreements by the Company, and indemnification obligations of the Company and Cantor and other obligations of the parties. Under the terms of the Sales Agreement, the Company has agreed to pay Cantor a commission equal to 3.0% of the aggregate gross proceeds from any shares sold through it pursuant to the Sales Agreement. In addition, we have agreed to reimburse certain expenses incurred by Cantor in connection with the Sales Agreement.

On October 2, 2023, we sold an aggregate of 60,351 shares of common stock under the Sales Agreement, at a weighted average price of $185.50 per share, which generated net proceeds of $10.9 million. On November 15, 2023, the Company sold an aggregate of 60,000 shares of common stock under the Sales Agreement, at a weighted average price of $144.00 per share, which generated net proceeds of $8.2 million. On February 12, 2024, the Company sold an aggregate of 20,833 shares of common stock under the Sales Agreement, at a weighted average price of $240.00 per share, which generated net proceeds of $4.8 million.

The Sales Agreement entered into on September 1, 2023 was amended on March 22, 2024, as we entered into an Amended and Restated Controlled Equity Offering Agreement (the “Amended Sales Agreement”) with Cantor pursuant to which we may offer and sell, from time to time through Cantor, shares of our common stock for aggregate gross proceeds of up to $75.0 million. As of December 31, 2024, there was $23.9 million in proceeds net of issuance costs of $0.9 million generated from these agreements with $50.2 million still available for future sale under the Amended Sales Agreement.

On June 26, 2025, we entered into a securities purchase agreement (the “2025 Purchase Agreement”) with certain accredited and institutional investors (“June 2025 Financing”). The 2025 Purchase Agreement provided for the sale and issuance by the Company of an aggregate of: (i) 273,012 shares (the “Shares”) of our common stock, $0.001 par value, (ii) pre-funded warrants (the “2025 Pre-Funded Warrants”) to purchase up to 150,360 shares of common stock, and (iii) private placement warrants (the “2025 Purchase Warrants”) to purchase up to 846,744 shares of common stock.

Under the June 2025 Financing we received an aggregate of $5.0 million in gross proceeds, or $4.3 million after deducting issuance costs. We have allocated the net proceeds among the common stock, the 2025 Purchase Warrants and the 2025 Pre-Funded Warrants using the relative fair value method for each of the above transactions. We have allocated $1.4 million to the shares of common stock, $0.8 million to the 2025 Pre-Funded Warrants and $2.1 million to the 2025 Purchase Warrants.

Cash Flows

The following table provides information regarding our cash flows for the years ended December 31, 2025 and 2024 (in thousands):

	Year Ended December 31,	
	2025	2024
Net cash used in operating activities	$ (28,859)	$ (70,011)
Net cash (used in) provided by investing activities	(98)	80,305
Net cash provided by financing activities	4,273	8,531
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (24,684)	$ 18,825

Net Cash Used in Operating Activities

The cash used in operating activities resulted primarily from our net losses adjusted for non-cash charges and changes in components of working capital.

Net cash used in operating activities was $28.9 million for the year ended December 31, 2025, primarily resulting from our net loss of $28.9 million, with non-cash adjustments of $2.8 million negated by cash used from changes in our operating assets and liabilities of $2.8 million. Our net loss was primarily attributed to research and development activities, general and administrative expenses, and restructuring charges recorded in the current period. Net cash used for our operating assets and liabilities of $2.8 million during the year ended December 31, 2025 primarily consisted of decreases in right-of-use lease liabilities of $4.1 million, decreases in accounts payable, accrued expenses and other current liabilities of $2.3 million, a decrease in restructuring liability of $1.1 million, and a decrease in deferred revenue of $0.4 million, partially offset by decreases in operating lease right-of-use assets of $3.1 million and prepaid expenses and other current assets of $2.0 million. Our non-cash charges during the year ended December 31, 2025 primarily consisted of $2.3 million of share-based compensation expense and $0.5 million of depreciation expense. Increases and decreases in operating assets and liabilities were affected by the timing of payments.

Net cash used in operating activities was $70.0 million for the year ended December 31, 2024, primarily resulting from our net loss of $93.4 million, partially offset by non-cash adjustments of $29.8 million and cash used from changes in our operating assets and liabilities of $6.3 million. Our net loss was primarily attributed to research and development activities and our general and administrative expenses. Our net non-cash charges during the year ended December 31, 2024 consisted of a $22.8 million impairment of right-of-use assets, $6.7 million of share-based compensation expense, $1.9 million impairment of long-lived assets, $0.5 million of depreciation expense and other charges of $0.2 million, which were partially offset by $2.3 million of net amortization of premiums on short-term investments. Net cash used in our operating assets and liabilities during the year ended December 31, 2024 consisted of a $7.9 million decrease in accrued expenses and accounts payable, a decrease of $3.4 million in operating lease liabilities and a decrease of $1.5 million in deferred revenue, partially offset by a $4.3 million increase in the restructuring liability, a $1.4 million increase in operating right-of-use assets and a $0.8 million increase in other assets, net of a $0.4 million decrease in prepaid expenses and other current assets. Increases and decreases in operating assets and liabilities were affected by the timing of payments.

Net Cash Provided by and Used in Investing Activities

Net cash used in investing activities was $0.1 million for the year ended December 31, 2025 compared to net cash provided by investing activities of $80.3 million for the year ended December 31, 2024. The increase in net cash provided by and the decrease in net cash used in investing activities was attributable to changes in the net purchases and sales of short-term investments.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $4.3 million for the year ended December 31, 2025 compared to $8.5 million for the year ended December 31, 2024. The decrease in cash provided by financing activities of $4.2 million was primarily attributable to the change in net proceeds from our equity financings. See Note 10 to the consolidated financial statements included in this Annual Report on Form 10-K for a further discussion of the Company's equity financings.

Funding Requirements

On June 26, 2025, we entered into a securities purchase agreement (the "Purchase Agreement") with certain accredited and institutional investors, resulting in gross proceeds of $5.0 million ("June 2025 Financing"). The Purchase Agreement provided for the sale and issuance of an aggregate of: (i) 273,012 shares (the "Shares") of our common stock, (ii) pre-funded warrants (the "Pre-Funded Warrants") to purchase up to 150,360 shares of common stock, and (iii) private placement warrants (the "Private Warrants") to purchase up to 846,744 shares of common stock. The Shares, Pre-Funded Warrants and Private Warrants were sold on a combined basis for consideration equating to $11.81 for one Share and a Private Warrant to purchase two underlying shares of common stock (or in lieu thereof, $11.809 for a Pre-Funded Warrant to purchase one underlying share of common stock and a Private Warrant to purchase two underlying shares of common stock). The exercise price of the Pre-Funded Warrants is $0.001 per underlying share. The exercise price of the Private Warrants is $11.56 per underlying share.

The Shares and the Pre-Funded Warrants were offered pursuant to an effective shelf registration statement and the Private Warrants were sold in a concurrent private placement. The Pre-Funded Warrants are immediately exercisable and may be exercised at any time until the Pre-Funded Warrant is exercised in full, subject to the Beneficial Ownership Limitation. The Private Warrants are immediately exercisable and will expire on the 24-month anniversary of the date that the SEC declares the registration statement covering the resale of the shares of common stock issuable upon exercise of the Private Warrants effective.

In January 2026, we announced the suspension of further development of LYR-210 for the treatment of CRS. We also announced a workforce reduction impacting substantially all our remaining employees and other cost-saving actions to preserve capital. Our decision to suspend development is part of our broader effort to preserve capital while evaluating and exploring strategic alternatives. As part of this effort, we engaged SSG Capital Advisors, LLC, to assist with the exploration of strategic alternatives.

We expect to continue to incur expenses in connection with our pursuit of strategic alternatives as well as our winding down activities, including consulting costs and public company costs.

Opportunities for strategic alternatives may involve or may be pursued through legal proceedings including bankruptcy or liquidation and dissolution proceedings, and such proceedings may also be necessary or appropriate in the absence of any superior strategic alternatives.

We currently have no intention of resuming research and development activities. Any future resumption of research and development activities would depend on completing a strategic transaction that would support our prior operating plans or otherwise obtaining significant additional funding. Significant additional financing may not be available to us on acceptable terms, or at all, and may be impacted by the economic climate and market conditions.

As noted above, on January 12, 2026, we announced that we were ceasing operations and beginning preparations for a wind-down of the Company while continuing to evaluate strategic alternatives. Subsequent to year-end, we also undertook additional actions to reduce our operating footprint and preserve liquidity, including efforts to negotiate the termination, buy-out, surrender or other resolution of certain lease obligations. These developments did not result in recognized adjustments to our December 31, 2025 financial statements, but they represent material known events and uncertainties that are reasonably likely to affect our future liquidity, cash requirements and results of operations, including through potential future impairment charges and cash settlement obligations.

To the extent that we are able to raise additional capital through the public or private sale of equity or convertible debt securities, which we believe is unlikely, your ownership interest will be diluted, and the terms of those securities may include liquidation or other preferences that adversely affect your rights as a holder of our common stock. Debt financing and preferred equity financing, if available, would create fixed payment obligations and may involve agreements that include covenants limiting or restricting our operations and ability to take specific actions, such as incurring additional debt, making acquisitions, engaging in acquisition, merger or collaboration transactions, selling or licensing our assets, making capital expenditures, redeeming our stock, making certain investments, declaring dividends or other operating restrictions that could adversely impact our ability to conduct business.

Based on our current cash forecast, we anticipate that our cash and cash equivalents balance is sufficient to fund our operating expenses into the third quarter of 2026. However, we have based this estimate on assumptions that may prove to be wrong. If, for any reason, our expenses differ materially from our assumptions or we utilize our cash more quickly than

anticipated we may be required to revise our cash forecast. As a result, our business, financial condition, and results of operations could be materially adversely affected.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Quantitative and Qualitative Disclosures About Market Risk

We are a smaller reporting company as defined in Rule 12b-2 of the Exchange Act and are not required to provide the information otherwise required under this Item 7A.

Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements required to be filed pursuant to this Item 8 are appended to this Annual Report on Form 10-K and are incorporated herein by reference. An index to those financial statements is found in Item 15 of Part IV of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Management's Evaluation of Disclosure Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Annual Report on Form 10-K, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 31, 2025.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that, as of December 31, 2025, our internal control over financial reporting was effective.

Attestation Report of the Independent Registered Public Accounting Firm

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm on internal control over financial reporting due to an exemption established by the JOBS Act for non-accelerated filers.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(f) and 15d-15(f) of the Exchange Act during the quarter ended December 31, 2025 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

a) None

b) During the fiscal quarter ended December 31, 2025, none of our directors or "officers" (as defined in Rule 16a-1(f) under the Exchange Act) informed us of the adoption, modification or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this item shall be set forth in an amendment to this Annual Report on Form 10-K.

Item 11. Executive Compensation.

The information required by this item shall be set forth in an amendment to this Annual Report on Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this item shall be set forth in an amendment to this Annual Report on Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Policies and Procedures for Approval of Related Person Transactions

Our Board of Directors recognizes the fact that transactions with related persons present a heightened risk of conflicts of interests (or the perception thereof) and has adopted a written related person transactions policy to comply with Section 404 of the Exchange Act. Under the policy, our finance team is primarily responsible for developing and implementing processes and procedures to obtain information regarding related persons with respect to potential related person transactions and then determining, based on the facts and circumstances, whether such potential related person transactions do, in fact, constitute related person transactions requiring compliance with the policy. In addition, any potential related person transaction that is proposed to be entered into by the Company must be reported to the Company's Chief Financial Officer, by both the related person and the person at the Company responsible for such potential related person transaction.

If our finance team determines that a transaction or relationship is a related person transaction requiring compliance with the policy, our Chief Financial Officer is required to present to the Audit Committee all relevant facts and circumstances relating to the related person transaction. Our Audit Committee must review the relevant facts and circumstances of each related person transaction, including if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and the extent of the related person's interest in the transaction, take into account the conflicts of interest and corporate opportunity provisions of our Code of Business Conduct and Ethics, and either approve or disapprove the related person transaction. If advance Audit Committee approval of a related person transaction requiring the Audit Committee's approval is not feasible, then the transaction may be preliminarily entered into by management upon prior approval of the transaction by the chair of the Audit Committee subject to ratification of the transaction by the Audit Committee at the Audit Committee's next regularly scheduled meeting; provided, that if ratification is not forthcoming, management will make all reasonable efforts to cancel or annul the transaction. If a transaction was not initially recognized as a related person transaction, then upon such recognition the transaction will be presented to the Audit Committee for ratification at the Audit Committee's next regularly scheduled meeting; provided, that if ratification is not forthcoming, management will make all reasonable efforts to cancel or annul the transaction.

Our management will update the Audit Committee as to any material changes to any approved or ratified related person transaction and will provide a status report at least annually of all then current related person transactions. No director may participate in approval of a related person transaction for which he or she is a related person.

LianBio License Agreement

Entities affiliated with Perceptive Advisors, LLC are shareholders of both us and LianBio. Additionally, our former directors, Konstantin Poukalov and Michael Altman are each a Managing Director at Perceptive Advisors, LLC and Mr. Poukalov served as the Executive Chairman of LianBio's board of directors. See "Management's Discussion and Analysis—Financial Operations Overview" for a description of the LianBio License Agreement.

Private Placement

On May 25, 2023, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with the purchasers named therein (the "Investors"), including Perceptive Advisers, LLC and, North Bridge Venture Partners, which are 5% or greater holders of our common stock and entities with which certain of our directors are related, pursuant to which we agreed to sell securities to the Investors in a private placement (the "Private Placement"). The Purchase Agreement provided for the sale and issuance by us of: (i) an aggregate of 17,652,962 shares of our common stock, and pre-funded warrants to purchase up to 2,408,188 shares of common stock, with an exercise price of $0.001 per share, and (ii) accompanying warrants to purchase up to 10,030,575 shares of common stock, with an exercise price of $2.673 per share, for aggregate gross proceeds of approximately $50.0 million, before deducting private placement expenses. See "Management's Discussion and Analysis – Liquidity and Capital Resources" for a description of the Private Placement.

Investor Rights Agreement

On April 7, 2022, we entered into a Ninth Amended and Restated Investor Rights Agreement ("Investor Rights Agreement") with the holders of our then-outstanding preferred stock, including Perceptive Advisers, LLC and, North Bridge Venture Partners, which are 5% or greater holders of our common stock and entities with which certain of our directors are related. The agreement provides for certain rights relating to the registration of such holders' common stock. On May 25, 2023, in connection with the Purchase Agreement, the Company entered into an Amendment No. 1 to Ninth Amended and Restated Investor Rights Agreement ("Amendment No. 1") with certain Investors affiliated with Perceptive Advisors and North Bridge Venture Partners (the "IRA Covered Investors"). Pursuant to Amendment No. 1, the definition of "Registrable Shares" in the Investor Rights Agreement was amended to include all shares of common stock purchased by the IRA Covered Investors in the Private Placement.

Indemnification Agreements

We have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us to indemnify each director (and in certain cases their related venture capital funds) and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer.

Independence of the Board of Directors

Our Board of Directors has determined that each of C. Ann Merrifield, W. Bradford Smith, Nancy Snyderman, M.D., FACS and James R. Tobin qualify as "independent" in accordance with the listing requirements of Nasdaq. In addition, our Board of Directors determined that each of Michael Altman, Edward Anderson, and Konstantine Poukalov qualified as "independent" for the duration of their service on our Board of Directors during the year ended December 31, 2024. The Nasdaq independence definition includes a series of objective tests, including that the director is not, and has not been for at least three years, one of our employees and that neither the director nor any of his family members has engaged in various types of business dealings with us. In addition, as required by Nasdaq rules, our Board of Directors has made a subjective determination as to each independent director that no relationships exist, which, in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In making these determinations, our Board of Directors reviewed and discussed information provided by the directors and us with regard to each director's business and personal activities and relationships as they may relate to us and our management. Harlan W. Waksal, M.D. and Maria Palasis, Ph.D. are not independent. There are no family relationships among any of our directors or executive officers.

Item 14. Principal Accountant Fees and Services.

The following table summarizes the fees of BDO USA, P.C., our independent registered public accounting firm, billed to us for each of the last two fiscal years.

Fee Category	2025	2024
Audit Fees[1]	$ 376,750	$ 484,250
Total Fees	$ 376,750	$ 484,250

(1) For 2025 and 2024, audit fees consist of fees for the audit of our financial statements, the review of the interim financial statements included in our quarterly reports on Form 10-Q, and other professional services provided in connection with statutory and regulatory filings or engagements.

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy (the "Pre-Approval Policy") that sets forth the procedures and conditions pursuant to which audit and non-audit services proposed to be performed by the independent auditor may be pre-approved. The Pre-Approval Policy generally provides that we will not engage our independent auditor, BDO USA, P.C. to render any audit, audit-related, tax or permissible non-audit services unless the service is either (i) explicitly approved by the Audit Committee ("specific pre-approval") or (ii) entered into pursuant to the pre-approval policies and procedures described in the Pre-Approval Policy ("general pre-approval"). Unless a type of service to be provided by BDO USA, P.C. has received general pre-approval under the Pre-Approval Policy, it requires specific pre-approval by the Audit Committee or by a designated member of the Audit Committee to whom the committee has delegated the authority to grant pre-approvals. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval. For both types of pre-approval, the Audit Committee will consider whether such services are consistent with the SEC's rules on auditor independence. The Audit Committee will also consider whether the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Company's business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance the Company's ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor should necessarily be determinative. The Audit Committee periodically reviews and generally pre-approves any services (and related fee levels or budgeted amounts) that may be provided by BDO USA, P.C. without first obtaining specific pre-approvals from the Audit Committee or the Chair of the Audit Committee. The Audit Committee may revise the list of general pre-approved services from time to time, based on subsequent determinations.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Documents filed as part of this report:

(1) Financial Statements.

The following documents are included on pages F-1 through F-34 attached hereto and are filed as part of this Annual Report on Form 10-K.

(2) Financial Statement Schedules.

No financial statement schedules have been submitted because they are not required or are not applicable or because the information required is included in the financial statements or the notes thereto.

(3) List of Exhibits.

Exhibit Number	Description of Exhibit	Form or Schedule	Exhibit No.	Filing Date with SEC	SEC File Number
3.1	Restated Certificate of Incorporation of Lyra Therapeutics, Inc., dated May 5, 2020 and the Certificate of Amendment to the Restated Certificate of Incorporation of Lyra Therapeutics, Inc., dated June 13, 2024	8-K	3.1	June 18, 2024	001-39273
3.2	Amended and Restated Bylaws of the Registrant	8-K	3.1	December 18, 2023	001-39273
3.3	Certificate of Amendment to Restated Certificate of Incorporation of Lyra Therapeutics, Inc. dated May 27, 2025	8-K	3.1	June 2, 2025	001-39273
4.1	Ninth Amended and Restated Investor Rights Agreement, dated as of April 7, 2022, by and among Lyra Therapeutics, Inc. and the Investors named therein	8-K	4.1	April 13, 2022	001-39273
4.2	Amendment No. 1 to Ninth Amended and Restated Investor Rights Agreement, dated as of May 25, 2023, by and among Lyra Therapeutics, Inc. and the Investors named therein	8-K	4.1	May 31, 2023	001-39273
4.3	Form of Pre-Funded Warrant, together with a schedule of Pre-Funded Warrants, each dated as of May 31, 2023, issued by Lyra Therapeutics, Inc. to the Investors set forth on such schedule	8-K	4.2	May 31, 2023	001-39273
4.4	Form of Purchase Warrant, together with a schedule of Purchase Warrants, each dated as of May 31, 2023,	8-K	4.3	May 31, 2023	001-39273

Exhibit Number	Description of Exhibit	Form or Schedule	Exhibit No.	Filing Date with SEC	SEC File Number
	issued by Lyra Therapeutics, Inc. to the Investors set forth on such schedule				
4.5	Specimen Stock Certificate evidencing the shares of Common Stock of the Registrant	S-1/A	4.2	April 27, 2020	333-236962
4.6	Form of Warrants to Purchase Common Stock, dated various dates, issued by the Registrant to various investors, together with a schedule of warrants and warrantholders	S-1/A	4.3	April 27, 2020	333-236962
4.7	Form of Common Stock Purchase Warrant, together with a schedule of Warrants, each dated April 12, 2022, issued by Lyra Therapeutics, Inc. to the Investors set forth on such schedule	8-K	4.2	April 13, 2022	001-39273
4.8	Description of Securities	10-K	4.8	March 13, 2025	001-39723
4.9	Form of Pre-Funded Common Stock Purchase Warrant	8-K	4.1	June 27, 2025	001-39723
4.10	Form of Private Warrant	8-K	4.2	June 27, 2025	001-39723
10.1#	2005 Equity Incentive Plan, as amended, and form of agreements thereunder	S-1	10.1	March 6, 2020	333-236962
10.2#	2016 Equity Incentive Plan, as amended, and form of agreements thereunder	S-1	10.2	March 6, 2020	333-236962
10.3#	2020 Incentive Award Plan and form of agreements thereunder	S-1/A	10.3	April 27, 2020	333-236962
10.4#	Lyra Therapeutics, Inc. 2022 Inducement Award Plan Performance Stock Option Grant Notice and Performance Stock Option Agreement issued to Harlan Waksal, M.D. on February 16, 2022	8-K	10.4	February 18, 2022	001-39273
10.4.1#	Lyra Therapeutics, Inc. 2020 Incentive Award Plan Performance Stock Option Grant Notice and Performance Stock Option Agreement issued to Maria Palasis, Ph.D. on February 16, 2022	8-K	10.3	February 18, 2022	001-39273
10.4.2#	Lyra Therapeutics, Inc. 2022 Employment Inducement Award Plan as Amended and Restated, Effective December 9, 2022	10-K	10.4.6	March 29, 2023	001-39273
10.4.3#	Amendment No. 1 to Lyra Therapeutics, Inc. 2022 Employment Inducement Award Plan, as Amended and Restated Effective December 12, 2022	10-Q	10.1	November 7, 2023	001-39273
10.4.4#	Lyra Therapeutics, Inc. 2020 Incentive Award Plan Performance Based Restricted Stock Unit Grant Notice and Performance Based Restricted Stock Unit Agreement issued to Harlan Waksal, M.D. on March 21, 2024	10-Q	10.1	April 30, 2024	001-39273
10.4.5#	Lyra Therapeutics, Inc. 2020 Incentive Award Plan Performance Stock Option Grant Notice and Performance Stock Option Agreement issued to Maria Palasis, Ph.D. on March 21, 2024	10-Q	10.2	April 30, 2024	001-39273
10.5#	Non-Employee Director Compensation Program	S-1/A	10.4	April 27, 2020	333-236962
10.6#	2020 Employee Stock Purchase Plan	S-1/A	10.5	April 27, 2020	333-236962

Exhibit Number	Description of Exhibit	Form or Schedule	Exhibit No.	Filing Date with SEC	SEC File Number
10.7#	Form of Indemnification Agreement for directors and officers of the Registrant	S-1/A	10.6	April 27, 2020	333-236962
10.8	Lease Agreement between the Registrant and ARE-480 Arsenal St, LLC, dated August 14, 2007, as amended	S-1	10.7	March 6, 2020	333-236962
10.9#	Employment Agreement between the Registrant and Maria Palasis, Ph.D., dated as of April 27, 2020	S-1/A	10.8	April 27, 2020	333-236962
10.10+	License and Collaboration Agreement dated May 31, 2021, by and between the Registrant and LianBio Inflammatory Limited and LianBio.	10-Q	10.1	August 9, 2021	001-39273
10.11+	First Amendment to License and Collaboration Agreement, dated September 26, 2022, between Registrant and LianBio Inflammatory Limited and LianBio	10-Q	10.1	November 8, 2022	001-39273
10.12#	Employment Agreement between the Registrant and Jason Cavalier dated as of September 13, 2021	10-Q	10.2	November 9, 2021	001-39273
10.13#	First Amendment to the Employment Agreement between the Registrant and Maria Palasis, Ph.D. dated as of February 16, 2022	8-K	10.1	February 18, 2022	001-39273
10.14#	Employment Agreement between the Registrant and Harlan Waksal, M.D. dated as of February 16, 2022	8-K	10.2	February 18, 2022	001-39273
10.15#	Employment Agreement by and between the Registrant and Richard Nieman, M.D. dated as of June 30, 2022	10-Q	10.3	August 9, 2022	001-39273
10.16	Securities Purchase Agreement, dated as of April 7, 2022, by and among Lyra Therapeutics, Inc. and the Investors named therein	8-K	10.1	April 13, 2022	001-39273
10.17	Registration Rights Agreement, dated as of April 7, 2022, by and among Lyra Therapeutics, Inc. and the Investors named therein	8-K	10.2	April 13, 2022	001-39273
10.18	Sixth Amendment to Lease, dated November 14, 2022, by and between Lyra Therapeutics, Inc. and ARE-480 Arsenal Street, LLC	8-K	10.1	November 16, 2022	001-39273
10.19	Seventh Amendment to Lease, dated July 12, 2023, by and between Lyra Therapeutics, Inc. and ARE-480 Arsenal Street, LLC	8-K	10.1	July 14, 2023	001-39273
10.20	Lease Agreement, dated May 31, 2022, between the Registrant, as the tenant, and BXP Waltham Woods LLC, as the landlord	10-Q	4.2	August 9, 2022	001-39273
10.21	First Amendment to Lease Agreement, dated July 20, 2022, between Registrant, as the tenant, and BXP Waltham Woods LLC, as the landlord	10-Q	4.3	August 9, 2022	001-39273
10.22	Second Amendment to Lease Agreement (Notice and Acknowledgement thereof), dated March 3, 2023, between Registrant, as the tenant, and BXP Waltham woods LLC, as the landlord	10-K	10.24	March 29, 2023	001-39273
10.23	Sublease dated as of December 21, 2023, by and between RVAC Medicines (US), Inc. and Lyra Therapeutics, Inc.	10-K	10.24	March 22, 2024	001-39273

Exhibit Number	Description of Exhibit	Form or Schedule	Exhibit No.	Filing Date with SEC	SEC File Number
10.24#	Amendment No. 1 to Lyra Therapeutics, Inc. 2022 Employee Inducement Award Plan, as Amended and Restated Effective December 12, 2022.	10-Q	10.1	November 7, 2023	001-39273
10.25	Securities Purchase Agreement, dated as of May 25, 2023, by and among Lyra Therapeutics, Inc. and the Investors named therein	8-K	10.1	May 31, 2023	001-39273
10.26	Registration Rights Agreement, dated as of May 25, 2023, by and among Lyra Therapeutics, Inc. and the Investors named therein	8-K	10.2	May 31, 2023	001-39273
10.27	Novation Agreement, dated as of November 15, 2024, by and among Lyra Therapeutics, Inc., LianBio, an exempted company organized under the laws of the Cayman Islands, and LianBio Development (HK) Limited (as successor-in-interest to LianBio Inflammatory Limited), a private company limited by shares organized under the laws of Hong Kong	10-K	10.28	March 13, 2025	001-39273
10.28	Securities Purchase Agreement dated as of June 26, 2025, by and among Lyra Therapeutics, Inc. and the Purchasers named therein	10-Q	10.1	August 12, 2025	001-39273
10.29#	First Amendment to the Employment Agreement between Lyra Therapeutics, Inc. and Harlan Waksal	10-Q	10.2	August 12, 2025	001-39273
10.30#	First Amendment to the Employment Agreement between Lyra Therapeutics, Inc. and Jason Cavalier	10-Q	10.3	August 12, 2025	001-39273
10.31#	Second Amendment to the Employment Agreement between Lyra Therapeutics, Inc. and Maria Palasis	10-Q	10.4	August 12, 2025	001-39273
19.1	Insider Trading Compliance Policy	10-K	19.1	March 13, 2025	001-39273
21.1	Subsidiaries of the Registrant	S-1	21.1	March 6, 2020	333-236962
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32.1**	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
32.2**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
97.1#	Policy for Recovery of Erroneously Awarded Compensation	10-K	97.1	March 22, 2024	001-39273
101.INS	Inline XBRL Instance Document – this instance document appear in the Interactive Data File because its				

Exhibit Number	Description of Exhibit	Form or Schedule	Exhibit No.	Filing Date with SEC	SEC File Number
	XBRL tags are embedded within the Inline XBRL document				
101.SCH	Inline XBRL Taxonomy Extension Schema Document				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Date File (embedded within the Inline XBRL document)				

# Indicates management contract or compensatory plan.

* Filed herewith.

** Furnished herewith.

+ Certain portions of this exhibit (indicated by asterisks) have been redacted in compliance with Regulation S-K Item 601(b)(10)(iv).

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

LYRA THERAPEUTICS, INC.

Date: March 31, 2026

By: /s/ Maria Palasis, Ph.D.
Maria Palasis, Ph.D.
Principal Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Maria Palasis, Ph.D. Maria Palasis, Ph.D.	Director and Principal executive officer	March 31, 2026
/s/ Jason Cavalier Jason Cavalier	Principal financial and accounting officer	March 31, 2026
/s/ C. Ann Merrifield C. Ann Merrifield	Director	March 31, 2026
/s/ W. Bradford Smith W. Bradford Smith	Director	March 31, 2026
/s/ Nancy Snyderman, M.D., FACS Nancy Snyderman, M.D., FACS	Director	March 31, 2026
/s/ James R. Tobin James R. Tobin	Director	March 31, 2026

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors
Lyra Therapeutics, Inc.
Watertown, MA

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Lyra Therapeutics, Inc. (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years then ended**,** in conformity with accounting principles generally accepted in the United States of America.

Going Concern Uncertainty

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has suffered recurring losses from operations and continued outflows of cash from operating activities resulting in an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Operating Lease Right-of-Use Assets Impairment Assessment

As described in Notes 2 and 7 to the Company's consolidated financial statements, the Company continually evaluates long-lived assets, including the operating lease right-of-use assets, for potential impairment when events or changes in circumstances indicate the carrying value of the assets may not be recoverable. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the book value of the assets exceeds the fair value. The Company's operating lease right-of-use assets totaled approximately $16.8 million as of December 31, 2025.

We identified management's assessment of the fair value of the operating lease right-of-use assets as a critical audit matter. The principal consideration for our determination was that auditing the estimation of fair value, specifically estimated future market rents, was especially challenging due to the nature and extent of audit effort required to address this matter, including the specialized knowledge and skills needed.

The primary procedures we performed to address this critical audit matter included:

- Assessing the reasonableness of the undiscounted cash flow model by (i) obtaining and inspecting contradictory evidence, and (ii) using alternative assumptions and comparing to the carrying values of the operating lease right-of-use assets.

- Utilizing personnel with specialized knowledge and skills in real estate valuation to assist in evaluating the reasonableness of estimated future market rents by comparing to independent market data.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2013.
Boston, Massachusetts
March 31, 2026

LYRA THERAPEUTICS, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	December 31, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 15,893	$ 40,577
Prepaid expenses and other current assets	379	2,448
Total current assets	16,272	43,025
Property and equipment, net	1,051	1,404
Operating lease right-of-use assets	16,792	19,924
Restricted cash	1,993	1,993
Total assets	$ 36,108	$ 66,346
Liabilities and Stockholders' (Deficit) Equity		
Current liabilities:		
Accounts payable	$ 663	$ 1,179
Restructuring liability	3,266	4,347
Accrued expenses and other current liabilities	775	2,586
Operating lease liabilities	4,818	4,121
Deferred revenue	-	398
Total current liabilities	9,522	12,631
Operating lease liabilities, net of current portion	25,441	30,259
Deferred revenue, net of current portion	11,862	11,862
Total liabilities	46,825	54,752
Commitments and contingencies (Note 17)		
Stockholders' (deficit) equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized at December 31, 2025 and December 31, 2024; no shares issued and outstanding at December 31, 2025 and December 31, 2024	—	—
Common stock, $0.001 par value; 200,000,000 shares authorized at December 31, 2025 and December 31, 2024; 1,774,882 and 1,310,308 shares issued and outstanding as of December 31, 2025 and December 31, 2024, respectively	2	1
Additional paid-in capital	422,990	416,383
Accumulated deficit	(433,709)	(404,790)
Total stockholders' (deficit) equity	(10,717)	11,594
Total liabilities and stockholders' (deficit) equity	$ 36,108	$ 66,346

See accompanying notes to consolidated financial statements.

LYRA THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share data)

	Year Ended December 31,	
	2025	2024
Collaboration revenue	$ 398	$ 1,534
Operating expenses:		
Research and development	18,411	43,766
General and administrative	11,540	18,501
Impairment of property and equipment	—	1,883
Impairment of right-of-use assets	—	22,836
Restructuring and other related charges	1,469	10,896
Total operating expenses	31,420	97,882
Loss from operations	(31,022)	(96,348)
Other income:		
Interest income	1,133	2,952
Other income	981	—
Total other income	2,114	2,952
Loss before income tax expense	(28,908)	(93,396)
Income tax expense	(11)	(39)
Net loss	(28,919)	(93,435)
Other comprehensive loss:		
Unrealized holding income (loss) on short-term investments, net of tax	—	(33)
Comprehensive loss	$ (28,919)	$ (93,468)
Net loss per share attributable to common stockholders— basic and diluted	$ (18.62)	$ (71.75)
Weighted-average common shares outstanding— basic and diluted	1,553,473	1,302,277

See accompanying notes to consolidated financial statements.

LYRA THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income, net of tax	Accumulated Deficit	Total Stockholders' (Deficit) Equity
	Shares	Amount				
Balance at December 31, 2023	1,144,291	$ 1	$ 400,741	$ 33	$ (311,355)	$ 89,420
Exercise of common stock options	21	—	3	—	—	3
Issuance of common stock and pre-funded warrants	114,927	—	10	—	—	10
Shares issued under ATM, net of issuance costs of $150	20,833	—	4,850	—	—	4,850
Issuance of common stock under ESPP	20	—	—	—	—	—
Issuance of common stock upon exercise of common stock warrants	28,485	—	3,808	—	—	3,808
Issuance of common stock upon RSU vesting	1,731	—	—	—	—	—
Unrealized loss on available-for-sale securities	—	—	—	(33)	—	(33)
Stock-based compensation	—	—	6,971	—	—	6,971
Net loss	—	—	—	—	(93,435)	(93,435)
Balance at December 31, 2024	1,310,308	1	416,383	—	(404,790)	11,594
Decrease in common stock for rounding down of fractional shares to reflect the 1-for -50 reverse stock split	(48)	—	—	—	—	—
Issuance of common stock and pre-funded warrants, net of issuance costs	273,012	1	4,272	—	—	4,273
Issuance of common stock upon exercise of pre-funded warrants	150,360	—	—	—	—	—
Issuance of common stock upon RSU vesting	41,250	—	—	—	—	—
Stock-based compensation	—	—	2,335	—	—	2,335
Net loss	—	—	—	—	(28,919)	(28,919)
Balance at December 31, 2025	1,774,882	$ 2	$ 422,990	$ —	$ (433,709)	$ (10,717)

See accompanying notes to consolidated financial statements.

LYRA THERAPEUTICS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,	
	2025	2024
Cash flows from operating activities:		
Net loss	$ (28,919)	$ (93,435)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	2,335	6,716
Depreciation expense	459	471
Impairment of property and equipment	—	1,883
Write-off of deferred financing costs	—	140
Impairment of right-of-use assets	—	22,836
Gain on sale of property and equipment	(8)	—
Net amortization of discount on short-term investments	—	(2,276)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	2,069	(380)
Operating lease right-of-use assets	3,132	1,353
Other assets	—	1,111
Accounts payable	(516)	(1,887)
Accrued expenses and other current liabilities	(1,811)	(5,975)
Restructuring liability	(1,081)	4,347
Operating lease liabilities	(4,121)	(3,381)
Deferred revenue	(398)	(1,534)
Net cash used in operating activities	(28,859)	(70,011)
Cash flows from investing activities:		
Purchases of property and equipment	(116)	(2,338)
Proceeds from the sale of property and equipment	18	—
Purchases of short-term investments	—	(47,949)
Maturity of short-term investments	—	130,592
Net cash (used in) provided by investing activities	(98)	80,305
Cash flows from financing activities:		
Proceeds from sale of common stock, warrants and pre-funded warrants	4,999	8,818
Payment of deferred offering costs	(726)	(290)
Proceeds from exercise of stock options	—	3
Net cash provided by financing activities	4,273	8,531
Net (decrease) increase in cash, cash equivalents and restricted cash	(24,684)	18,825
Cash, cash equivalents and restricted cash, beginning of period	42,570	23,745
Cash, cash equivalents and restricted cash, end of period	$ 17,886	$ 42,570
Supplemental disclosure of non-cash financing and investing activities:		
Right of Use Asset in Exchange for Lease Liability	$ —	$ 13,667

See accompanying notes to consolidated financial statements.

1. Organization, Restructuring, Going Concern and Basis of Presentation

Lyra Therapeutics, Inc. (the "Company") has historically been a clinical-stage biotechnology company focused on the development and commercialization of therapies for the localized treatment of patients with chronic rhinosinusitis, or CRS. The Company's proprietary technology is designed to consistently deliver medicines directly to the affected tissue for sustained periods with a single administration. The Company was incorporated as a Delaware corporation on November 21, 2005 and is located in Watertown, Massachusetts. On July 16, 2018, the Company formerly changed its name from 480 Biomedical, Inc. to Lyra Therapeutics, Inc.

In January 2026, the Company announced the suspension of further development of LYR-210 for the treatment of CRS. The Company also announced a workforce reduction impacting 25 employees and other cost-saving actions to preserve capital. The Company's Chief Executive Officer, President and Chair of the Board, and Chief Financial Officer and Treasurer, are each being retained as consultants to support the Company's pursuit of strategic alternatives. The Company continues to evaluate potential strategic options to maximize shareholder value. There can be no assurance that the evaluation of strategic options will result in any transaction, or that any transaction, if pursued, will be completed on attractive terms, if at all. The Company has not set a timetable for the completion of this strategic review.

On January 12, 2026, the Company announced that it was ceasing operations and beginning preparations for a wind-down of the Company while continuing to evaluate strategic alternatives. Subsequent to year-end, the Company also undertook additional actions to reduce its operating footprint and preserve liquidity, including efforts to negotiate the termination, buy-out, surrender or other resolution of certain lease obligations. These developments did not result in recognized adjustments to the Company's December 31, 2025 financial statements, but they represent material known events and uncertainties that are reasonably likely to affect its future liquidity, cash requirements and results of operations, including through potential future impairment charges and cash settlement obligations.

On March 17, 2026 Nasdaq delisted the Company from The Nasdaq Capital Market. This occurred after the Company ceased its appeal efforts with respect to Nasdaq's delisting determination, which culminated in a letter from the Nasdaq Hearings Advisor at The Nasdaq Stock Market LLC on March 13, 2026 confirming that the Company had withdrawn its appeal. Trading in the Company's common stock was suspended at the open of trading on March 17, 2026. In connection with the suspension of trading, Nasdaq has indicated that it will file a Form 25 Notification of Delisting with the U.S. Securities and Exchange Commission after all internal procedural periods have run.

The Company is subject to risks common to companies in the therapeutics and pharmaceutical industry, including but not limited to, risks of failure of preclinical studies and clinical trials, the need to obtain marketing approval for any drug product candidate that it may identify and develop, the need to successfully commercialize and gain market acceptance of its product candidates, dependence on key personnel, protection of proprietary technology, compliance with government regulations, development by competitors of technological innovations, reliance on third party manufacturers, ability to transition from pilot-scale manufacturing to large-scale production of products and the need to obtain adequate additional financing to fund the development of its product candidates.

Restructuring

On May 16, 2024, the Company reported that topline results from the Company's Phase 3 ENLIGHTEN 1 trial evaluating LYR-210 in CRS. ENLIGHTEN 1 did not meet its primary endpoint of demonstrating statistically significant improvement compared to sham control in 3CS at 24 weeks.

In connection with the ENLIGHTEN 1 trial failing to meet its primary endpoint, on May 16, 2024, the Board of Directors of the Company (the "Board of Directors") approved a reduction in the Company's workforce impacting 87 employees, which occurred during May and June 2024. In connection with the reduction in force, the Company stopped commercialization efforts for LYR-210, as well as development efforts for LYR-220 in an effort to reduce operating expenses. The Company also paused manufacturing of its product candidates. Furthermore, the Company is currently seeking to negotiate an early termination of all three of its leased properties, and in January 2026 reduced its workforce as disclosed above.

The Company recorded a restructuring charge in the amount of $10.9 million in 2024 as well as an additional

$1.5 million recorded for the year ended December 31, 2025, primarily related to severance and retention costs as further discussed in Note 5. The Company had recorded an impairment charge in 2024 for the write-down of property and equipment of $1.9 million and for right-of-use assets in the amount of $22.8 million as further discussed in Notes 6 and 7.

Going Concern

Although at December 31, 2025, the Company had approximately $15.9 million of cash and cash equivalents, the Company has incurred recurring net operating losses every year since inception and has an accumulated deficit of approximately $433.7 million at December 31, 2025. The Company expects to continue to generate operating losses for the foreseeable future. These conditions raise substantial doubt about the Company's ability to continue as a going concern for one year from the date these consolidated financial statements are issued.

From inception through December 31, 2025, the Company has raised an aggregate of $429.8 million to fund its operations, primarily from the issuance of equity securities including $5.0 million of gross proceeds (and $4.3 million of net proceeds, after cash and accrued issuance costs) from the Company's June 2025 Financing (as defined in Note 10, "Preferred and Common Stock"), and to a lesser extent, government contracts and a license agreement.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") assuming the Company will continue as a going concern and contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

The Company remains focused on preserving its cash. Furthermore, the Company is seeking to negotiate an early termination of its three leases with its landlords. The Company may not be able to obtain an early termination of those leases with its landlords on favorable terms or at all.

If the Company decides to pursue any form of growth strategy in the future, it will need additional financing to support its continuing operations. Until the Company can generate significant revenue from product sales, if ever, it plans to finance its operations through a combination of equity or debt financings, collaboration agreements, strategic alliances and licensing arrangements. The Company may be unable to raise additional funds or enter into such other agreements when needed on favorable terms or at all. The inability to obtain funding as and when needed would have a negative impact on the Company's financial condition and ability to pursue its business strategies. If the Company is unable to obtain funding when needed, the Company could be forced to delay, reduce or eliminate some or all of its research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect its business prospects, or the Company may be unable to continue operations. The Company will need to generate significant revenue to achieve profitability, and it may never do so.

Opportunities for strategic alternatives may involve or may be pursued through legal proceedings including bankruptcy or liquidation and dissolution proceedings, and such proceedings may also be necessary or appropriate in the absence of any superior strategic alternatives.

Delisted from The Nasdaq Capital Market

On March 17, 2026 Nasdaq delisted us from The Nasdaq Capital Market. This occurred after we ceased our appeal efforts with respect to Nasdaq's delisting determination, which culminated in a letter from the Nasdaq Hearings Advisor at The Nasdaq Stock Market LLC on March 13, 2026 confirming that we had withdrawn our appeal. Trading in our common stock was suspended at the open of trading on March 17, 2026. In connection with the suspension of trading, Nasdaq has indicated that it will file a Form 25 Notification of Delisting with the U.S. Securities and Exchange Commission after all internal procedural periods have run.

On February 2, 2026, the Company received a letter (the "Staff Determination Letter") from the Listing Qualifications Department of Nasdaq notifying the Company that Nasdaq has determined to delist the Company's common stock from The Nasdaq Stock Market. In the Staff Determination Letter, Nasdaq stated that, pursuant to Listing Rule 5101, it believes the Company is a "public shell" and that the continued listing of its securities is no longer warranted. Nasdaq cited the Company's January 12, 2026 Form 8-K disclosure, in which the Company announced that its Board of Directors had approved a plan to suspend development of LYR-210, the Company's lead product candidate, and a reduction in force that resulted in the termination of employment of nearly all of the Company's employees including the conversion of both the Chief Executive Officer and Chief Financial Officer from employees to consultants. Based on these factors, in Nasdaq's view

the Company no longer has an operating business and may be subject to market abuses or other conduct detrimental to the interests of the investing public.

On July 19, 2024, the Company received notice from Nasdaq that it was not in compliance with the $1.00 minimum bid price requirement for continued inclusion on Nasdaq as set forth in Nasdaq Listing Rule 5450(a)(1) (the "Minimum Bid Price Requirement"). In accordance with Nasdaq listing rules, the Company was afforded 180 calendar days to regain compliance with the Bid Price Requirement, and was subsequently granted an additional 180-day compliance period through July 14, 2025 to regain compliance.

In an effort to regain compliance with the Minimum Bid Price Requirement, on March 13, 2025, the Board of Directors approved a discretionary reverse stock split of the Company's common stock in the range of 1-for-10 shares and 1-for-50 shares, subject to stockholder approval at the Company's annual meeting of stockholders held on May 14, 2025 (the "Annual Meeting"). At the Annual Meeting, the stockholders approved the Reverse Stock Split. Following the Annual Meeting, the Board fixed the Ratio for the Reverse Stock Split at 1-for-50 shares. On May 27, 2025, the Company filed a Certificate of Amendment to its Restated Certificate of Incorporation, as amended with the Secretary of State of the State of Delaware to effect a 1-for-50 reverse stock split of the Company's common stock, effective May 27, 2025 at 5:00 p.m., Eastern Time (the "Reverse Stock Split").

As a result of the Reverse Stock Split, every 50 shares of the Company's issued and outstanding common stock was automatically exchanged for one issued and outstanding share of common stock, without any change in the par value per share. No fractional shares were issued as a result of the Reverse Stock Split. Instead, any fractional shares of common stock that would have otherwise resulted from the Reverse Stock Split were rounded down to the nearest whole share and repurchased by the Company, which resulted in a reduction of 48 shares of common stock issued for the round down of fractional shares. The Certificate of Amendment did not amend the number of authorized shares of common stock, which remained unchanged at 200,000,000 shares. The common stock began trading on a post-split basis on Nasdaq as of the open of trading on May 28, 2025.

Proportionate adjustments were made to the exercise price and number of shares issuable upon the exercise of options outstanding, and the number of shares subject to restricted stock units under the Company's equity incentive plans, under the Company's equity incentive plans.

All references to common stock, equity-based common stock awards and all share and per share data contained in this Annual Report on Form 10-K have been adjusted to reflect the Reverse Stock Split.

From the May 28, 2025 date that the common stock began trading on a post-split basis on Nasdaq, the Company maintained a minimum bid price of $1.00 per common share in excess of 10 consecutive business days as required under the Bid Price Requirement, and, on June 13, 2025, Nasdaq notified the Company that it had regained compliance with the Bid Price Requirement.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standard Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Lyra Therapeutics, Inc. and its wholly owned subsidiary Lyra Therapeutics Security Corporation. All intercompany transactions and balances have been eliminated.

The accompanying consolidated financial statements reflect the application of certain significant accounting policies as described in this note and elsewhere in the accompanying consolidated financial statements and notes.

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, expenses and related disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. On an ongoing basis, the Company's management evaluates its estimates, which include but are not limited to management's judgments of revenue recognition, operating lease right-of-use assets, operating lease liabilities, accrued expenses, valuation of share-based awards and realization of its deferred tax assets. Due to the uncertainty inherent in such estimates, actual results may differ from these estimates.

Comprehensive Loss

Comprehensive loss includes net loss as well as other changes in stockholders' equity that result from transactions and economic events other than those with stockholders. There was no other comprehensive loss in the year ended December 31, 2025. For the year ended December 31, 2024, other comprehensive loss consisted of unrealized losses, net of taxes, from its short-term investments.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash held in banks, amounts held in money market funds, and highly liquid debt securities. Cash equivalents are stated at cost, which approximates market value.

Restricted Cash

The Company had restricted cash of approximately $2.0 million as of December 31, 2025 and 2024. These balances were held as restricted at the Company's financial institution to secure the Company's letters of credit for its facility leases.

The Company's statements of cash flows include restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on such statements. A reconciliation of the cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same amounts shown in the consolidated statements of cash flows is as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Cash and cash equivalents	$ 15,893	$ 40,577
Restricted cash	1,993	1,993
Total	$ 17,886	$ 42,570

Short-term Investments

Investments in marketable securities are classified as available-for-sale. Available-for-sale securities are measured and reported at fair value using quoted prices in active markets for similar securities. Unrealized gains and losses, net of taxes on available-for-sale securities are reported as a separate component of stockholders' equity. Premiums or discounts from par value are amortized to investment income over the life of the underlying investment. All of the Company's available-for-sale securities are available to the Company for use in current operations. As a result, the Company classified all of these securities as current assets even though the stated maturity of some individual securities may be one year or more beyond the balance sheet date. The Company did not have short-term investments at December 31, 2025 or 2024.

The cost of securities sold is determined on a specific identification basis, and realized gains and losses are included in other income (expense) within the consolidated statements of operations and comprehensive loss. The Company reviews investments whenever the fair value of an investment is less than the amortized cost and evidence indicates that an investment's carrying amount is not recoverable within a reasonable period of time. In connection therewith, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors, considering the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions

specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded on the consolidated balance sheets, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that is not related to credit is recognized in other comprehensive loss as a separate component of stockholders' equity. Changes in the allowance for credit losses are recorded as a provision for (or reversal of) credit loss expense in general and administrative expenses within the consolidated statements of operations and comprehensive loss. Losses are charged against the allowance when the Company believes the uncollectability of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met.

Concentrations of Credit Risk and Off-Balance Sheet Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents and short-term investments. The Company maintains all its cash and cash equivalents, and short-term investments at two accredited financial institutions, in amounts that exceed federally insured limits.

The Company has no significant off-balance sheet risk such as foreign exchange contracts, option contracts, or other foreign exchange hedging arrangements.

Significant Suppliers

The Company is dependent on third-party manufacturers to supply products for research and development activities in its programs. In particular, the Company relies and expects to continue to rely on a small number of manufacturers to supply it with its requirements for the drug product and associated applicator related to these programs. These programs could be adversely affected by a significant interruption in the supply of the materials required to manufacture the drug product and associated applicator.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received upon sale of an asset or paid to transfer a liability between market participants at a measurement date. ASC Topic 820, *Fair Value Measurements* (“ASC 820”), establishes a three-level valuation hierarchy for instruments measured at fair value that prioritizes the inputs used to measure fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. The fair value hierarchy applies only to the valuation inputs used in determining the reported or disclosed fair value of the financial instruments and is not a measure of the investment credit quality. The three levels of the fair value hierarchy established by ASC 820 in order of priority are as follows:

Level 1 -Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 -Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable, such as quoted market prices, interest rates and yield curves.

Level 3 -Unobservable inputs that are supported by little or no market activity and that are significant to determining the fair value of the assets or liabilities, including pricing models, discounted cash flow methodologies and similar techniques.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

An entity may elect to measure many financial instruments and certain other items at fair value at specified election dates. Subsequent unrealized gains and losses on items for which the fair value option has been elected will be reported in net loss. The Company did not elect to measure any financial instruments or other items at fair value.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation expense is recognized using the straight-line method over the estimated useful life of each asset as follows:

Property and Equipment	Estimated Useful Life
Laboratory equipment	5 years
Computer software and equipment	3 years
Office furniture and fixtures	7 years
Leasehold improvements	Shorter of useful life or remaining term of related lease

Upon retirement or sale, the cost of the assets disposed of and the related accumulated depreciation are eliminated from the consolidated balance sheets and related gains or losses are reflected in the consolidated statements of operations and comprehensive loss. Repairs and maintenance that do not improve or extend the lives of the respective assets are expensed as incurred, while costs of major additions and betterments are capitalized.

Impairment of Long-Lived Assets

Long-lived assets consist of property and equipment and right-of-use assets. The Company continually evaluates long-lived assets for potential impairment when events or changes in circumstances indicate the carrying value of the assets may not be recoverable. Recoverability is measured by comparing the book values of the assets to the expected future net undiscounted cash flows that the assets are expected to generate. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the book values of the assets exceed their fair value. The Company recognized no loss on impairment and $1.9 million related to loss on impairment of property and equipment for the periods ended December 31, 2025 and 2024, respectively, both related to specific facts and circumstances in the respective periods.

The Company also assesses its right-of-use assets for impairment based on triggering events, and recognized no impairment of right-of-use assets as of December 31, 2025 and $22.8 million of impairment of right-of-use assets as of December 31, 2024. As previously disclosed, management’s intent and ability to enter into early termination of their lease arrangements would more likely than not result in a material impairment of right-of-use assets.

Leases

Under ASC 842, *Leases*, the Company determines if an arrangement is or contains a lease at inception. For leases with a term of 12 months or less, the Company does not recognize a right-of-use asset or lease liability. The Company’s operating leases are recognized on its consolidated balance sheets as other noncurrent assets, other current liabilities and other noncurrent liabilities. The Company does not have any finance leases.

Right-of-use assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As the Company’s leases typically do not provide an implicit rate, the Company uses an estimate of its incremental borrowing rate based on the information available at the lease commencement date in determining the present value of lease payments. Operating lease right-of-use assets also include the effect of any lease payments made prior to commencement and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

The Company separates lease and non-lease components when determining which lease payments to include in the calculation of its lease assets and liabilities. Variable lease payments are expensed as incurred. If a lease includes an option to extend or terminate the lease, the Company reflects the option in the lease term if it is reasonably certain it will exercise the option.

Accrued Research and Development Expenses

As part of the process of preparing the Company's consolidated financial statements, the Company is required to estimate its accrued research and development expenses. This process involves reviewing purchase orders and open contracts, communicating with the Company's personnel to identify services that have been performed on its behalf, and estimating the level of service performed and the associated cost incurred for the services when the Company has not yet been invoiced or otherwise notified of the actual cost. The Company's service providers generally invoice the Company monthly in arrears for services performed, on a pre-determined schedule, or when contractual milestones are met; however, some require advance payments. The Company makes estimates of its accrued expenses as of each balance sheet date in its consolidated financial statements based on facts and circumstances known to the Company at that time. The Company confirms the accuracy of its estimates with the service providers and make adjustments if necessary. The significant estimates in the Company's accrued research and development expenses include the following costs incurred for services in connection with research and development activities for which the Company has not yet been invoiced:

- vendors in connection with preclinical development activities;
- vendors in connection with the testing of preclinical and clinical trial materials;
- CROs in connection with preclinical and clinical studies; and
- investigative sites in connection with clinical trials.

The Company contracts with CROs to conduct clinical and other research and development services on its behalf. The Company bases its expenses related to CROs on its estimates of the services received and efforts expended pursuant to quotes and contracts with them. The financial terms of these agreements are subject to negotiation, vary from contract to contract, and may result in uneven payment flows. There may be instances in which payments made to the Company's CROs will exceed the level of services provided and result in a prepayment of the research and development expense. In accruing service fees, the Company estimates the time period over which services will be performed and the level of effort to be expended in each period. If the actual timing of the performance of services or the level of effort varies from the Company's estimate, the Company adjusts the accrual or amount of prepaid expense accordingly. Non-refundable advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received rather than when the payment is made.

Although the Company does not expect its estimates to be materially different from amounts actually incurred, our understanding of the status and timing of services performed relative to the actual status and timing of services performed may vary and may result in reporting amounts that are too high or too low in any particular period. To date, there have not been any material adjustments to our prior estimates of accrued research and development expenses.

Revenue Recognition

Under ASC Topic 606, *Revenue from Contracts with Customers* (“ASC 606”), an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC 606, the entity performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, including variable consideration, if any; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the entity will collect the consideration to which it is entitled in exchange for the goods or services it transfers to the customer.

Once a contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within each contract and determines those that are performance obligations. Arrangements that include rights to additional goods or services that are exercisable at a customer’s discretion are generally considered options. The Company assesses if these options provide a material right to the customer and if so, they are considered performance obligations. The identification of material rights requires judgments related to the determination of the value of the underlying good or service relative to the option exercise price. The exercise of a material right is accounted for as a contract modification for accounting purposes.

The Company assesses whether each promised good or service is distinct for the purpose of identifying the performance obligations in the contract. This assessment involves subjective determinations and requires management to make judgments about the individual promised goods or services and whether such are separable from the other aspects of the contractual relationship. Promised goods and services are considered distinct provided that: (i) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct) and (ii) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract). In assessing whether a promised good or service is distinct, the Company considers factors such as the research, manufacturing and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace. The Company also considers the intended benefit of the contract in assessing whether a promised good or service is separately identifiable from other promises in the contract. If a promised good or service is not distinct, an entity is required to combine that good or service with other promised goods or services until it identifies a bundle of goods or services that is distinct.

The transaction price is then determined and allocated to the identified performance obligations in proportion to their standalone selling prices ("SSP") on a relative SSP basis. SSP is determined at contract inception and is not updated to reflect changes between contract inception and when the performance obligations are satisfied. Determining the SSP for performance obligations requires significant judgment. In developing the SSP for a performance obligation, the Company considers applicable market conditions and relevant entity-specific factors, including factors that were contemplated in negotiating the agreement with the customer and estimated costs. The Company validates the SSP for performance obligations by evaluating whether changes in the key assumptions used to determine the SSP will have a significant effect on the allocation of arrangement consideration between multiple performance obligations.

If the consideration promised in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The Company determines the amount of variable consideration by using the expected value method or the most likely amount method. The Company includes the unconstrained amount of estimated variable consideration in the transaction price. The amount included in the transaction price is constrained to the amount for which it is probable that a significant reversal of cumulative revenue recognized will not occur. At the end of each subsequent reporting period, the Company re-evaluates the estimated variable consideration included in the transaction price and any related constraint, and if necessary, adjusts its estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis in the period of adjustment.

If an arrangement includes development and regulatory milestone payments, the Company evaluates whether the milestones are considered probable of being reached and estimates the amount to be included in the transaction price using the most likely amount method. If it is probable that a significant revenue reversal would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the Company's control or the licensee's control, such as regulatory approvals, are generally not considered probable of being achieved until those approvals are received.

For arrangements with licenses of intellectual property that include sales-based royalties, including milestone payments based on the level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company recognizes royalty revenue and sales-based milestones at the later of (i) when the related sales occur, or (ii) when the performance obligation to which the royalty has been allocated has been satisfied.

In determining the transaction price, the Company adjusts consideration for the effects of the time value of money if the timing of payments provides the Company with a significant benefit of financing. The Company does not assess whether a contract has a significant financing component if the expectation at contract inception is such that the period between payment by the licensees and the transfer of the promised goods or services to the licensees will be one year or less. The Company assessed its revenue generating arrangement in order to determine whether a significant financing component exists and concluded that a significant financing component does not exist.

The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) each performance obligation is satisfied, either at a point in time or over time, and if over time recognition is based on the use of an output or input method.

The Company has not recognized any product revenue to date since its product candidates are in development.

On May 31, 2021, and amended on September 26, 2022, the Company entered into a License and Collaboration Agreement, or, the LianBio License Agreement, with LianBio Inflammatory Limited, or LianBio, to develop and commercialize LYR-210 in Greater China (mainland China, Hong Kong, Taiwan, and Macau), South Korea, Singapore and Thailand. See Note 13 for further discussion of the arrangement.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development expenses include salaries and benefits, materials and supplies, preclinical and clinical trial expenses, manufacturing expenses, stock-based compensation expense, depreciation of equipment, contract services, potential impairment charges related to research and development assets, and other outside expenses. Costs of certain development activities, such as clinical trials, are recognized based on an evaluation of the progress to completion of specific tasks. Payments for these activities are based on the terms of the individual arrangements, which may differ from the pattern of costs incurred, and are reflected in the consolidated financial statements as prepaid or accrued research and development costs. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are deferred and capitalized. The capitalized amounts are expensed as the related goods are delivered or the services are performed.

The Company has entered into various research and development contracts with companies both inside and outside of the United States. These agreements are generally cancelable, and related payments are recorded as research and development expenses as incurred. The Company records accruals for estimated ongoing research costs. When evaluating the adequacy of the accrued liabilities, the Company analyzes progress of the studies or trials, including the phase or completion of events, invoices received and contracted costs. Significant judgments and estimates are made in determining the accrued balances at the end of any reporting period. Actual results could differ from the Company's estimates. The Company's historical accrual estimates have not been materially different from the actual costs.

Patent Costs

The Company expenses patent application and related legal costs as incurred and classifies such costs as general and administrative expenses in the accompanying consolidated statements of operations and comprehensive loss.

Accounting for Stock-Based Compensation

The Company accounts for its stock-based compensation in accordance with ASC Topic 718, *Compensation—Stock Compensation* ("ASC 718"). ASC 718 requires all stock-based payments to employees, non-employees and directors to be recognized as expense in the consolidated statements of operations and comprehensive loss based on their grant date fair values. The Company estimates the fair value of options granted using the Black-Scholes option pricing model for stock option grants to both employees and non-employees.

The Black-Scholes option-pricing model uses the following inputs: the fair value of the Company's common stock, the expected volatility of the Company's common stock, the expected term of the Company's stock options, the risk-free interest rate for a period that approximates the expected term of the Company's stock options, and the Company's expected dividend yield. Prior to our IPO in 2020, the Company has historically been a private company and lacks company-specific historical and implied volatility data. Therefore, the Company has based its computation of expected volatility on the historical volatility of a representative group of public companies with similar characteristics to it, including stage of product development, life science industry focus, length of trading history, and similar vesting provisions. The historical volatility data is calculated based on a period of time commensurate with the expected term assumption. The Company will continue to apply this process until a sufficient amount of historical information regarding the volatility of its own stock price becomes available or until circumstances change, such that the identified entities are no longer representative companies. In the latter case, more suitable, similar entities whose share prices are publicly available would be utilized in the calculation.

The Company uses the simplified method as prescribed by the SEC Staff Accounting Bulletin No. 107, *Share-Based Payment*, to calculate the expected term for options granted to employees as it does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The expected term is applied to the stock option grant group as a whole, as the Company does not expect substantially different exercise or post-vesting termination behavior among its employee population. For options granted to non-employees, the Company utilizes the contractual term of the share-based payment as the basis for the expected term assumption. The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected term of the stock options. The expected dividend yield is

assumed to be zero as the Company has never paid cash dividends and has no current plans to pay any cash dividends on its common stock. The Company's policy is to recognize forfeitures as they occur.

The Company expenses the fair value of its stock-based compensation awards to employees, non-employees and directors on a straight-line basis over the requisite service period, which is generally the vesting period. The Company records the expense for stock-based compensation awards subject to performance-based milestone vesting when management determines that achievement of the milestone is probable. Management evaluates when the achievement of a performance-based milestone is probable based on the expected satisfaction of the performance conditions as of the reporting date.

Income Taxes

The Company accounts for income taxes using the liability method in accordance with ASC Topic 740, *Income Taxes* ("ASC 740"). The difference between the financial statement and tax basis of the assets and liabilities is determined annually. Deferred income tax assets and liabilities are computed using the tax laws and rates that are expected to apply for periods in which such differences reverse. Valuation allowances are established, if necessary, to reduce the deferred tax asset to the amount that will more likely than not be realized.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Net Loss per Share

The Company has reported losses since inception and has computed basic net loss per share by dividing its net loss by the weighted-average number of common shares and equivalents outstanding for the period, without consideration for potentially dilutive securities. The Company has computed diluted net loss per common share after giving consideration to all potentially dilutive common shares, including options to purchase common stock, warrants to purchase common stock, outstanding during the period determined using the treasury-stock and if-converted methods, except where the effect of including such securities would be antidilutive. Because the Company has reported net losses since inception, these potential common shares have been anti-dilutive, basic, and diluted loss per share have been the same.

Basic and diluted net loss per share was calculated as follows (in thousands, except share and per share data):

	Year Ended December 31,	
	2025	2024
Numerator:		
Net loss	$ (28,919)	$ (93,435)
Net loss attributable to common stockholders	$ (28,919)	$ (93,435)
Denominator:		
Weighted-average common shares—basic and diluted	1,553,473	1,302,277
Net loss per share attributable to common stockholders—basic and diluted	$ (18.62)	$ (71.75)

The following table sets forth the potentially dilutive securities that have been excluded from the calculation of diluted net loss per share because to include them would be anti-dilutive:

	Year Ended December 31,	
	2025	2024
Stock options	68,539	126,291
Restricted stock units	51,814	42,876
Stock warrants	1,018,871	172,126
Total	1,139,224	341,293

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and adopted by the Company as of the specified date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which is intended to provide enhancements to annual income tax disclosures. In particular, the standard will require more detailed information in the income tax rate reconciliation, as well as the disclosure of income taxes paid disaggregated by jurisdiction, among other enhancements. The standard is effective for years beginning after December 15, 2024 and early adoption is permitted. The Company adopted ASU 2023-09 on January 1, 2025, including retrospective reclassification of previous year amounts for its annual reporting, and the adoption did not have a material effect on the Company's consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement–Reporting Comprehensive Income–Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires disaggregated disclosure of income statement expenses. ASU 2024-03 does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. This ASU should be applied prospectively with the option to apply the standard retrospectively. In January 2025, the FASB issued ASU 2025-01: Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures - Clarifying the Effective Date, which clarifies the effective date of ASU 2024-03. ASU 2024-03 is effective for public business entities for annual periods beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of these standards on our disclosure of income statement expenses.

In December 2025, the FASB issued ASU 2025–11, Interim Reporting (Topic 270: Narrow – Scope Improvements. ASU 2025-11 clarifies the applicability of interim reporting guidance and reorganizes and clarifies interim disclosure requirements under ASC topic 270, including the addition of a disclosure principal requiring disclosure of material events occurring since the most recent annual reporting period. ASU 2025-11 is effective for interim reporting periods within annual periods beginning after December 15 2027, with early adoption permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

In December 2025, the FASB issued ASU 2025-12, Classification Improvements. ASU 2025–12 makes targeted amendments to various topics within the Accounting Standards Codification intended to clarify existing guidance and correct minor inconsistencies. ASU 2025–12 is effective for interim and annual reporting periods beginning after December 15, 2026, with early adoption permitted. Certain amendments require retrospective application. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

3. Fair Value Measurements

The following tables present information about the Company's financial assets and liabilities measured at fair value on a recurring basis and indicate the level of the fair value hierarchy utilized to determine such fair values (in thousands):

	December 31, 2025	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents				
Money market funds	$ 15,087	$ 15,087	$ —	$ —
Total cash equivalents	$ 15,087	$ 15,087	$ —	$ —

	December 31, 2024	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents				
Money market funds	$ 23,214	$ 23,214	$ —	$ —
U.S. treasury bills	6,995	—	6,995	—
Total cash equivalents	$ 30,209	$ 23,214	$ 6,995	$ —

As of December 31, 2025, the Company's cash equivalents were invested in money market funds, which were valued based on Level 1 inputs. The Company had no short-term investments at December 31, 2025.

As of December 31, 2024, the Company's cash equivalents were invested in money market funds and U.S. treasury bills with maturity dates of less than 90 days, which were valued based on Level 2 inputs. The Company had no short-term investments at December 31, 2024.

The carrying values of the Company's accounts payable and accrued expenses approximate their fair values due to the short-term nature of these liabilities.

4. Short-term Investments

The Company had no short-term investments and no net accumulated unrealized gains or losses at December 31, 2025 or 2024.

The Company reviews investments whenever the fair value of an investment is less than the amortized cost and evidence indicates that an investment's carrying amount is not recoverable within a reasonable period of time. In connection therewith, the Company evaluates whether the decline in fair value has resulted from credit losses or other factors, considering the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded on the consolidated balance sheets, limited by the amount that the fair value is less than the amortized cost basis. Any impairment that is not related to credit is recognized in other comprehensive loss as a separate component of stockholders' equity. Changes in the allowance for credit losses are recorded as a provision for (or reversal of) credit loss expense in general and administrative expenses within the consolidated statements of operations and comprehensive loss. Losses are charged against the allowance when the Company believes the uncollectability of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. The unrealized losses at December 31, 2024 were attributable to changes in interest rates.

5. Restructuring and Other Related Charges

In connection with the ENLIGHTEN 1 trial failing to meet its primary endpoint, on May 16, 2024, the Board of Directors approved a reduction in the Company's workforce, impacting 87 employees, which occurred during May and June 2024. The Company incurred costs related to employee termination benefits and other costs associated with the restructuring mainly during the second quarter of 2024, with the remainder of the costs to be incurred through 2025. These amounts are recorded as restructuring and other related charges within our consolidated statements of operations and comprehensive loss as they are incurred. For the year ended December 31, 2025, restructuring and other related charges were $1.5 million, which consisted of $1.2 million of severance costs and $0.3 million of retention costs. For the year ended December 31, 2024, restructuring and other related charges were $10.9 million, which consisted of $6.7 million of severance costs, $3.2 million of retention costs, and $1.0 million of other costs.

Restructuring liability activities during the years ended December 31, 2025 consist of the following (in thousands):

	Severance Costs	Retention Costs	Other Costs	Total Restructuring
Balance at December 31, 2023	$ —	$ —	$ —	$ —
Accruals	6,713	3,174	1,009	10,896
Cash payments	(3,953)	(1,596)	(1,000)	(6,549)
Balance at December 31, 2024	2,760	1,578	9	4,347
Accruals	1,189	280	—	1,469
Cash payments	(683)	(1,858)	(9)	(2,550)
Balance at December 31, 2025	$ 3,266	$ —	$ —	$ 3,266

6. Property and Equipment and Related Impairment

Property and equipment consist of the following (in thousands):

	December 31,	
	2025	2024
Property and equipment:		
Laboratory equipment	$ 3,927	$ 3,927
Computer software and equipment	159	159
Office furniture and fixtures	961	961
Leasehold improvements	553	486
Total	$ 5,600	$ 5,533
Accumulated depreciation	(4,549)	(4,129)
Property and equipment, net	$ 1,051	$ 1,404

Accumulated depreciation includes $1.9 million related to loss on impairment in 2024 of property and equipment described below at December 31, 2025 and 2024. In addition, the Company recognized approximately $0.5 million of depreciation expense for each of the years ended December 31, 2025 and 2024.

During the second quarter of 2024 and as a result of the Company's Phase 3 ENLIGHTEN 1 trial failing to meet its primary endpoint, the Company performed a recoverability test for its property and equipment. The Company concluded that the undiscounted cash flows associated with its property and equipment was less than the carrying value of the property and equipment. The Company compared the fair value of the property and equipment to the carrying value and recorded an impairment charge in the amount of $1.9 million which is included as an impairment of property and equipment in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2024. The Company determined fair market value of the equipment based on a third-party appraisal of the equipment through use of publicly available used equipment quotes. The equipment was valued as of May 15, 2024. The Company reassessed the need for any further impairment as of December 31, 2025, and determined no additional impairment indicators existed.

7. Impairment of Right-of-Use Assets

In connection with the Company's Phase 3 ENLIGHTEN 1 trial failing to meet its primary endpoint, in May 2024, the Company engaged a commercial real estate broker to market the Company's three leased properties for sublease arrangements. Based upon these impairment indicators, the Company performed a recoverability test over its right-of-use assets in 2024 and concluded that the right-of-use assets were impaired. As a result, the Company recorded an impairment charge in the amount of $22.8 million during the second quarter of 2024, which is included as an impairment of right-of-use asset in the consolidated statements of operations and comprehensive loss for the year ended December 31, 2024. The Company reassessed the need for any further impairment as of December 31, 2025, and determined no additional impairment indicators existed. As of December 31, 2025, the Company has not sublet any of its leased properties.

Management conducted a fair value analysis of the Company's right-of-use assets using a discounted cash flow methodology as of May 15, 2024, which included the following range of assumptions:

Discount rate	9.5-10.5%
Term (years)	2.96-9.13
Expected sublease rent increases	3.0%

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (in thousands):

	December 31,	
	2025	2024
Payroll and employee related expenses	$ 257	$ 529
Third-party research and development expenses	—	1,582
Other	518	475
Total accrued expenses and other current liabilities	$ 775	$ 2,586

9. Segment Reporting

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the chief operating decision-maker ("CODM") in deciding how to allocate resources and assess performance. The Company and the Company's CODM, its chief executive officer, regularly review the Company's operations and manage its business as a single operating segment, which is the business of developing targeted medicines to address ear, nose, and throat, or ENT, diseases. Segment revenues represent collaboration revenue from the Company's consolidated statements of operations and is received from a single customer.

Significant segment expenses consist primarily of employee-related costs, clinical, facility and professional and consulting costs in connection with preclinical and clinical development activities. Segment expenses also include impairment charges, when and as applicable.

The Company's CODM evaluates and allocates resources within the segment based on the Company's net loss. As the Company is a clinical-stage biotechnology company, the evaluation includes review of the actual and budget costs related to employee-related costs, clinical trials, facility, professional and consulting costs in connection with preclinical and clinical development activities, and the conduct of these pre-clinical and clinical trials and responses from government agencies in determining the probability of success of product candidates. Total segment assets are reported in the Company's consolidated balance sheets as total assets.

The following table presents revenue, significant expenses and net loss for the Company's segment (in thousands):

	Year Ended December 31,	
	2025	2024
Collaboration revenue	$ 398	$ 1,534
Operating expenses:		
Clinical related costs	2,920	15,156
Employee related costs	10,557	22,828
Product development and manufacturing costs	818	3,304
Facilities, support costs and depreciation	10,718	13,579
Professional, consulting and public company costs	4,938	7,400
Impairment of property and equipment	—	1,883
Impairment of right-of-use assets	—	22,836
Restructuring and other related charges	1,469	10,896
Total operating expenses	31,420	97,882
Loss from operations	(31,022)	(96,348)
Other income:		
Interest income	1,133	2,952
Other income	981	—
Total other income	2,114	2,952
Loss before income tax expense	(28,908)	(93,396)
Income tax expense	(11)	(39)
Net loss	$ (28,919)	$ (93,435)

10. Preferred and Common Stock

The Company has 10,000,000 shares of undesignated preferred stock, par value $0.001 per share. There were no shares issued or outstanding as of December 31, 2025 and 2024.

The holders of common stock are entitled to one vote for each share held. Common stockholders are not entitled to receive dividends, unless declared by the Board of Directors.

The Company had an effective shelf registration statement on Form S-3 (No. 333-278163) filed with the SEC on March 22, 2024 ("Form S-3"), which offering has been terminated and the unused registered shares thereunder removed pursuant to a post-effective amendment filed by the Company on March 25, 2026. As of December 31, 2025, the Company had sold 414,196 shares which generated proceeds of $26.7 million net of issuance costs of $1.4 million.

June 2025 Financing

On June 26, 2025, the Company entered into a securities purchase agreement (the "2025 Purchase Agreement") with certain accredited and institutional investors ("June 2025 Financing"). The 2025 Purchase Agreement provided for the sale and issuance by the Company of an aggregate of: (i) 273,012 shares (the "Shares") of the Company's common stock, $0.001 par value, (ii) pre-funded warrants (the "2025 Pre-Funded Warrants") to purchase up to 150,360 shares of common stock, and (iii) private placement warrants (the "2025 Purchase Warrants") to purchase up to 846,744 shares of common stock. The Shares, the 2025 Pre-Funded Warrants and 2025 Purchase Warrants were sold on a combined basis for consideration equating to $11.81 for one Share and a 2025 Purchase Warrant to purchase two underlying shares of common stock (or in lieu thereof, $11.809 for a 2025 Pre-Funded Warrant to purchase one underlying share of common stock and a 2025 Purchase Warrant to purchase two underlying shares of common stock). The exercise price of the 2025 Pre-Funded Warrants is $0.001 per underlying share. The exercise price of the 2025 Purchase Warrants is $11.56 per underlying share.

The Shares and the 2025 Pre-Funded Warrants were offered pursuant to an effective shelf registration statement and the 2025 Purchase Warrants were sold in a concurrent private placement. The 2025 Pre-Funded Warrants are immediately exercisable and may be exercised at any time until the Pre-Funded Warrants are exercised in full, subject to the Beneficial Ownership Limitation. The 2025 Purchase Warrants are immediately exercisable and will expire on the 24-month anniversary of the date that the SEC declares the registration statement covering the resale of the shares of common stock

issuable upon exercise of the 2025 Purchase Warrants effective.

The Company received an aggregate of $5.0 million in gross proceeds, or $4.3 million after deducting issuance costs. The Company has allocated the net proceeds among the common stock, the 2025 Purchase Warrants and the 2025 Pre-Funded Warrants using the relative fair value method for each of the above transactions. The Company has allocated $1.4 million to the shares of common stock, $0.8 million to the 2025 Pre-Funded Warrants and $2.1 million to the 2025 Purchase Warrants.

The Company has determined the fair value of the common shares based upon the Company's common stock price on the date of the transaction applied to the number of shares of common stock issued. The fair value of the 2025 Pre-Funded Warrants was determined based on the Company's common stock price on the date of the transaction, less the $0.001 per share exercise price of the warrants, applied to the number of 2025 Pre-Funded Warrants. The fair value of the 2025 Purchase Warrants was determined using the Black-Scholes model applied to the number of 2025 Purchase Warrants. The assumptions used in the Black-Scholes model were as follows:

Exercise price	$	11.56
Fair value of common stock	$	13.38
Volatility		80.00%
Expected term		2.0 years
Risk-free interest rate		3.73%

The Company's outstanding warrants are freestanding instruments and are classified within stockholders' equity since the warrants are indexed to the Company's common stock and meet the equity classification criteria.

A total of 27,000 of the 2025 Pre-Funded Warrants were exercised as of June 30, 2025, at a purchase price of $0.001 per share, and the remaining 123,360 2025 Pre-Funded Warrants were exercised as of October 8, 2025, at a purchase price of $0.001 per share.

September 2023 Financing

On September 1, 2023, the Company entered into a Controlled Equity Offering Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor") pursuant to which the Company may offer and sell, from time to time through Cantor, shares of the Company's common stock for aggregate gross proceeds of up to $50.0 million. The offering and sale of up to $50.0 million of the common shares has been registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to the Company's Registration Statement on Form S-3 (File No. 333-256020) (the "Registration Statement"), which was originally filed with the Securities and Exchange Commission ("SEC") on May 11, 2021, and declared effective by the SEC on May 20, 2021, the base prospectus contained within the Registration Statement, and a prospectus supplement relating to the shares that was filed with the SEC on September 1, 2023 (the "Prospectus Supplement").

Pursuant to the Sales Agreement, Cantor may sell the shares in sales deemed to be "at the market offerings" as defined in Rule 415(a)(4) promulgated under the Securities Act. The Company has no obligation to sell any of the shares under the Sales Agreement and may at any time suspend or terminate the offering of the shares pursuant to the Sales Agreement upon notice to Cantor and subject to other conditions. Cantor will act as sales agent and will use commercially reasonable efforts to sell on the Company's behalf all of the shares requested to be sold by the Company, on mutually agreed terms between Cantor and the Company.

The Sales Agreement contains customary representations, warranties and agreements by the Company, and indemnification obligations of the Company and Cantor and other obligations of the parties. Under the terms of the Sales Agreement, the Company has agreed to pay Cantor a commission equal to 3.0% of the aggregate gross proceeds from any shares sold through it pursuant to the Sales Agreement. In addition, the Company has agreed to reimburse certain expenses incurred by Cantor in connection with the Sales Agreement.

On October 2, 2023, the Company sold an aggregate of 60,351 shares of common stock under the Sales Agreement, at a weighted average price of $185.50 per share, which generated net proceeds of $10.9 million. On November

15, 2023, the Company sold an aggregate of 60,000 shares of common stock under the Sales Agreement, at a weighted average price of $144.00 per share, which generated net proceeds of $8.2 million. On February 12, 2024, the Company sold an aggregate of 20,833 shares of common stock under the Sales Agreement, at a weighted average price of $240.00 per share, which generated net proceeds of $4.8 million.

On March 22, 2024, the Company amended and restated the Controlled Equity Offering Sales Agreement (the "Amended Sales Agreement") with Cantor pursuant to which the Company may offer and sell, from time to time through Cantor, shares of the Company's common stock for aggregate gross proceeds of up to $75.0 million. The offering and sale of up to $75.0 million of the common shares has been registered under the Securities Act, pursuant to the Company's Registration Statement on Form S-3 (File No. 333-278163) (the "2024 Registration Statement"), which was originally filed with the SEC on March 22, 2024, the base prospectus contained within the 2024 Registration Statement, and a prospectus supplement relating to the shares that was filed with the SEC on March 22, 2024. As of December 31, 2025, the Company has recorded $23.9 million in proceeds, net of issuance costs of $0.9 million, under the Amended Sales Agreement, with $50.2 million still available for future sale under the Amended Sales Agreement.

May 2023 Financing

On May 25, 2023, the Company entered into a securities purchase agreement (the "2023 Purchase Agreement"), with the purchasers, pursuant to which the Company agreed to sell securities to the Investors in a private placement (the "Private Placement"). The 2023 Purchase Agreement provided for the sale and issuance by the Company of 353,059 shares of the Company's common stock and accompanying warrants to purchase up to 176,529 shares of the Company's common stock (the "2023 Purchase Warrants"), with an exercise price of $133.50 per share, for aggregate gross proceeds of $44.0 million. Each Purchase Warrant became exercisable on November 30, 2023, and expire on November 30, 2028. Additionally, the Company issued pre-funded warrants to purchase 48,164 shares of the Company's common stock ("2023 Pre-Funded Warrants"), with an exercise price of $0.001 per share, and accompanying the 2023 Purchase Warrants to purchase up to 24,081 shares of the Company's common stock, with an exercise price of $133.65 per share, for aggregate gross proceeds of $6.0 million. In total 200,612 of the 2023 Purchase Warrants were issued and 48,164 of the 2023 Pre-Funded Warrants were issued.

The closing of the Private Placement occurred on May 31, 2023. The Company filed a shelf registration statement on Form S-3 with the SEC on June 28, 2023, and it was declared effective on July 7, 2023.

The Company received an aggregate of $50.0 million in gross proceeds, or $46.5 million after deducting issuance costs. The Company has allocated the net proceeds among the common stock, the 2023 Purchase Warrants and the 2023 Pre-Funded Warrants using the relative fair value method for each of the above transactions. The Company has allocated $30.5 million to the shares of common stock, $4.2 million to the 2023 Pre-Funded Warrants and $12 million to the 2023 Purchase Warrants.

The Company has determined the fair value of the common shares based upon the Company's common stock price on the date of the transaction applied to the number of shares of common stock issued. The fair value of the 2023 Pre-Funded Warrants was determined based on the Company's common stock price on the date of the transaction, less the $0.001 per share exercise price of the warrants, applied to the number of 2023 Pre-Funded Warrants. The fair value of the 2023 Purchase Warrants was determined using the Black-Scholes model applied to the number of 2023 Purchase Warrants. The assumptions used in the Black-Scholes model were as follows:

Exercise price	$	133.50
Fair value of common stock	$	128.50
Volatility		81.93%
Expected term		5.5 years
Risk-free interest rate		3.74%

The Company's outstanding warrants are freestanding instruments and are classified within stockholders' equity since the warrants are indexed to the Company's common stock and meet the equity classification criteria.

A total of 28,485 of the 2023 Purchase Warrants were exercised as of December 31, 2025, at a purchase price of $133.65 per share.

April 2022 Financing

On April 13, 2022, the Company entered into a securities purchase agreement (the "2022 Purchase Agreement") pursuant to which the Company announced the closing of its private placement of common stock (or, in lieu thereof, 2022 Pre-Funded Warrants to purchase common stock), resulting in gross proceeds of approximately $100.5 million ("April 2022 Financing"). The Company received approximately $96.3 million in net proceeds after deducting estimated offering costs of $4.2 million. Pursuant to the 2022 Purchase Agreement, (i) certain investors purchased an aggregate of 376,303 shares of common stock at $211.00 per share for gross proceeds to the Company of $79.4 million and (ii) certain investors purchased 2022 Pre-Funded Warrants to purchase an aggregate of 100,000 shares of common stock, with the exercise price of $0.001 per share for gross proceeds of $21.1 million to the Company. The warrants are exercisable on or after April 13, 2022 and expire on April 12, 2027.

The 2022 Pre-Funded Warrants were classified as a component of permanent stockholders' equity within additional paid-in capital and were recorded at the issuance date using a relative fair value allocation method. The 2022 Pre-Funded Warrants are equity classified because they are freestanding financial instruments that are legally detachable and separately exercisable from the equity instruments, are immediately exercisable, do not embody an obligation for the Company to repurchase its shares, permit the holders to receive a fixed number of shares of common stock upon exercise, are indexed to the Company's common stock and meet the equity classification criteria. In addition, such 2022 Pre-Funded Warrants do not provide any guarantee of value or return. The Company valued the 2022 Pre-Funded Warrants at issuance, concluding that their sales price approximated their fair value, and allocated net proceeds from the sale proportionately to the common stock and 2022 Pre-Funded Warrants, of which $19.7 million was allocated to the 2022 Pre-Funded Warrants and recorded as a component of additional paid-in capital. There were 99,991 of the 2022 Pre-Funded Warrants issued in the April 2022 Financing exercised as of December 31, 2025.

The Company has reserved for future issuances the following shares of common stock as of December 31, 2025:

	As of December 31, 2025
Option to exercise stock warrants	1,018,871
Stock options and restricted stock units	211,548
Employee stock purchase plan	19,730
Total	1,250,149

11. Common Stock Warrants

The following table represents a summary of the warrants outstanding and exercisable as of December 31, 2025, all of which are equity-classified:

	Number of Common Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate intrinsic Value	Expiration Date	Number of Pre-funded Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate intrinsic Value	Expiration Date
Outstanding at December 31, 2023	200,612	$ 133.650	4.90	$ 25,700	November 30, 2028	115,127	$ 0.050	3.92	$ 30,200	April 2027 - May 2028
Exercised	(28,485)	$ 133.650	—	$ 4,297		(115,127)	$ 0.050	—	$ 9,715	—
Outstanding at December 31, 2024	172,127	$ 133.650	3.92	$ 25,700	November 30, 2028	-	$ —	—	$ —	—
Prefunded warrants issued	—	$ —	—	$ —		150,360	$ 0.001	2.00	$ —	June 26, 2027
Exercised	—	$ —	—	$ —		(150,360)	$ 0.001	—	$ 245,943	—
Common warrants issued	846,744	$ 11.560	2.00	$ —	June 26, 2027	—	$ —	—	$ —	—
Outstanding at December 31, 2025	1,018,871	$ 32.186	1.73	$ —	November 30, 2028 and June 26, 2027	—	$ —	—	$ —	—

12. Stock-Based Compensation Expense

The Company currently grants equity-based awards under its 2020 Incentive Award Plan (“2020 Plan”) and its 2022 Employment Inducement Award Plan (“Inducement Award Plan”). The Company previously granted equity-based awards under its 2005 Equity Incentive Plan (“2005 Plan”) and 2016 Equity Incentive Plan (“2016 Plan” and together with the 2020 Plan, the Inducement Award Plan and the 2005 Plan, the “Plans”). The Company also maintains the 2020 Employee Stock Purchase Plan (the “ESPP”).

The 2020 Plan provides for grant of incentive stock options and nonqualified stock options, stock appreciation rights, restricted stock, dividend equivalents, restricted stock units, performance awards and other share and cash-based awards to employees and consultants and members of the Board of Directors of the Company and its subsidiary.

The initial number of shares of the Company’s common stock that may be issued under the 2020 Plan is 42,000 shares plus the number of shares of the Company’s common stock underlying outstanding awards under the 2005 Plan and 2016 Plan as of the effective date of the 2020 Plan that expire, lapse or are terminated, exchanged for cash, surrendered, repurchased, canceled or forfeited following the effective date of the 2020 Plan. The number of shares available under the 2020 Plan will automatically increase on January 1st of each year from 2021 to 2030 by the lesser of (i) 4% of the number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (ii) a smaller number of shares determined by the Company’s Board of Directors. However, no more than 176,000 shares may be issued under the 2020 Plan pursuant to the exercise of incentive stock options. On January 1, 2023, the shares available for grant under the 2020 Plan was automatically increased by 25,462. On January 1, 2024, the shares available for grant under the 2020 Plan was automatically increased by 45,772. As of December 31, 2025, the Company had 54,294 shares available for issuance under the 2020 Plan. On January 1, 2025, the shares available for grant under the 2020 Plan was automatically increased by 52,412.

In February 2022, the Company’s Board of Directors adopted the Inducement Award Plan (and together with the 2020 Plan, 2016 Plan and 2005 Plan, the “Plans”), which was adopted by the Board of Directors without stockholder approval pursuant to Rule 5635(c)(4) of the Nasdaq Stock Market LLC listing rules (“Rule 5635(c)(4)”), and currently allows for the granting of up to 55,260 shares of the Company's common stock. The Inducement Award Plan provides for the grant of non-qualified stock options, stock appreciation rights, performance units, restricted stock awards, restricted stock units and stock grants. In accordance with Rule 5635(c)(4), awards made under the Inducement Award Plan may only be made to a newly hired employee who has not previously been a member of the Board, or any employee who is being rehired following

a bona fide period of non-employment by the Company or a subsidiary, as a material inducement to the employee's entering into employment with the Company or its subsidiary. In June 2022, the Inducement Award Plan was amended to increase the shares authorized for issuance thereunder to 29,460 shares and amended again in the same month to increase the shares authorized for issuance to 34,060. In September 2022, the Inducement Award Plan was amended to increase the shares authorized for issuance to 36,260 shares. On December 9, 2022, the Inducement Award Plan was amended and restated to increase the shares authorized for issuance to 48,260 shares. The amended and restated Inducement Award Plan was amended in October 2023 to add another 350,000 shares to the shares authorized for issuance, for a current overall limit of 55,260 shares. During the year-ended December 31, 2024, the Company did not grant options to purchase shares of common stock to executives under the amended and restated Inducement Award Plan, and during the year-ended December 31, 2023 the Company granted options to purchase 630,000 shares under this plan. There were 36,901 shares remaining available for issuance under the Inducement Award Plan as of December 31, 2025.

All stock option grants are nonqualified stock options except for option grants to employees granted, under the 2020 Plan, 2016 Plan or 2005 Plan intended to qualify as incentive stock options under the Internal Revenue Code of 1986, as amended. Stock options may not be granted under the 2020 Plan at less than the fair market value of the Company's common stock on the date of grant. Vesting periods of awards are determined by the Board of Directors or its compensation committee. Vesting periods of awards granted to date range from vesting upon grant to vesting over a four-year period. Vesting conditions are generally based on continued service. Additionally, the Company has granted certain awards which vest upon the achievement of certain financing and revenue milestones. Stock options granted under the Plans expire no more than 10 years from the date of grant.

Stock-based compensation expense included in the Company's consolidated statements of operations and comprehensive loss was as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Research and development	$ 1,006	$ 1,360
General and administrative	1,329	5,356
Total	$ 2,335	$ 6,716

The Company has granted options to purchase 32,960 shares of common stock that vest as to one-third of options, in each case, upon the achievement of three distinct market capitalization targets during the five-year performance period following the date of grant, provided that no more than one-third of the option may vest prior to the first anniversary of the date of grant, no more than two-thirds of the option may vest prior to the second anniversary of the date of grant and the option may not become fully vested prior to the third anniversary of the date of grant, subject to continued service on each applicable vesting date and certain exceptions in the context of a change in control transaction. The Company has accounted for these awards as market-based condition awards and therefore, stock-based compensation recorded during the year ended December 31, 2025 and 2024 was $0.1 million and $1.0 million, respectively.

In March 2024, the Company granted options to purchase 11,000 shares of common stock at an exercise price of $303.50 per share to its Chief Executive Officer ("2024 Performance Options") and granted 385,000 RSUs to its Executive Chair ("2024 PSUs"), each with performance-based vesting conditions under the 2020 Plan. Vesting of the 2024 Performance Options and the 2024 PSUs are based on the achievement of various clinical and regulatory milestones during the specified periods.

For the 2024 PSUs, the Company measured stock compensation expense based on the fair value of the award on the grant date and then once the Company determines the performance criteria is probable of achievement, recognizes such amount over the vesting term of the award, which is approximately 3.8 years. The Company determined the fair value of the 2024 Performance Option using the Black-Scholes option-pricing model and using the following inputs: risk-free interest rate of 4.26%, volatility of 76.82%, expected dividend yield 0%, and expected term of 6.0 years.

A summary of the restricted stock unit activity, including 2024 PSUs, under the Plans for the year ended December 31, 2025 was as follows:

	Shares	Weighted-Average Grant Date Fair Value
Restricted stock units outstanding as of December 31, 2024	42,865	$ 132.09
Granted	62,020	$ 9.86
Vested	(41,250)	$ 57.75
Forfeited	(11,821)	$ 210.07
Restricted stock units outstanding as of December 31, 2025	51,814	$ 27.18

The following table summarizes the Company's unrecognized stock-based compensation as of December 31, 2025:

	Unrecognized Expense (in thousands)	Period of Recognition (years)
Restricted stock units	$ 816	1.3
Stock options	1,751	1.7
Total	$ 2,567	

No stock options were granted in 2025. The fair value of each stock option granted to employees, directors and non-employees in 2024 was estimated on the date of grant using the Black-Scholes option-pricing model, with the following weighted-average assumptions:

	Year Ended December 31, 2024
Risk-free interest rate	4.2%
Expected dividend yield	—%
Expected term (in years)	6.0
Expected volatility	80.5%

A summary of the stock option activity, including incentive options, under the Plans for the year ended December 31, 2025 was as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2024	126,255	$ 283.02	7.5	$ —
Granted	—	—		
Exercised	—	—		
Cancelled	(57,716)	375.52		
Outstanding at December 31, 2025	68,539	$ 205.12	5.6	$ —
Exercisable at December 31, 2025	52,210	$ 210.62	5.1	$ —
Vested and expected to vest at December 31, 2025	68,539	$ 205.12	5.6	$ —

No options were granted in 2025. The weighted-average fair value of options granted to employees, directors and non-employees during the year ended December 31, 2024 was $140.00.

The aggregate intrinsic value of stock options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the Company's common stock. No options were exercised in 2025. The aggregate intrinsic value of stock options exercised during the year ended December 31, 2024 was approximately $0.1 million.

2020 Employee Stock Purchase Plan

In April 2020, the Company's Board of Directors adopted the Company's 2020 Employee Stock Purchase Plan ("2020 ESPP"). The 2020 ESPP is structured as a qualified employee stock purchase plan under Section 423 of the Internal Revenue Code of 1986, as amended, and is not subject to the provisions of the Employee Retirement Income Security Act of 1974. The Company initially reserved 3,000 shares of common stock for issuance under the 2020 ESPP. In addition, the number of shares available for issuance under the 2020 ESPP will be annually increased on January 1st of each year from 2021 to 2030 by the lesser of (i) 0.5% of the number of shares of common stock outstanding on the final day of the immediately preceding calendar year and (ii) such smaller number of shares as is determined by the Company's Board of Directors, provided that no more than 19,750 shares of common stock may be issued under the 2020 ESPP.

As of December 31, 2025, the Company issued 20 shares under the 2020 ESPP. In June 2024, the Company indefinitely suspended the offering of its 2020 ESPP. As of December 31, 2025, there are a total of 19,730 shares available for issuance under the 2020 ESPP.

13. Collaboration Agreement

Under the LianBio License Agreement, in order to evaluate the transaction price for purposes of ASC 606, the Company determined that the upfront payment of $12.0 million and the reimbursable cost of the clinical supply of LYR-210 constitute the entirety of the consideration to be included in the transaction price as of the outset of the arrangement, which was allocated to the two performance obligations as follows: $8.4 million to the Combined Performance Obligation and $3.6 million to the Development Activities Performance Obligation. In February 2022, the Company received $5.0 million upon achievement of the first of the development milestones related to dosing its first patient and the transaction price was adjusted by $5.0 million which was allocated to the two performance obligations as follows: $3.5 million to the Combined Performance Obligation and $1.5 million to the Development Activities Performance Obligation. The remaining potential milestone payments that the Company is eligible to receive were excluded from the transaction price as of December 31, 2025, as all milestone amounts were fully constrained based on the probability of achievement.

The Company and LianBio amended the LianBio License Agreement on September 26, 2022, to allow, among other things, LianBio to conduct its own Phase 3 clinical trial and adjust certain future milestones. The amendment also required both parties to negotiate a clinical supply agreement prior to December 31, 2022. There was a side letter executed on December 27, 2022 which extended the negotiations of a clinical supply agreement until March 31, 2023. The parties are not actively engaged in negotiations of the clinical supply agreement. At this point, it is uncertain whether such an agreement will ever be completed.

The amendment did not result in any change in the Company's determination of its performance obligations under the arrangement and all future milestones remain constrained from the transaction price. The Company has determined that the contract modification did not have a material impact on the allocation of the transaction price to the two performance obligations.

LianBio announced that in October 2023 its board of directors commenced a comprehensive strategic review of its business. The LianBio Board ultimately concluded that selling off assets and winding down operations was the best way to realize maximum shareholder value. LianBio reported that a substantial portion of the wind down activities, including fulfillment of transition service obligations under its existing agreements and gradual cessation of currently active clinical trials, were to be completed by the end of 2024. LianBio stated it will maintain a core group of employees necessary to implement an orderly wind down and support its efforts to maximize the value of its remaining business and assets including the collaboration with the Company. Due to these developments, the future of the Company's collaboration with LianBio is uncertain as LianBio continues its wind down, while seeking a third party to acquire LianBio's rights under the LianBio License Agreement. In November 2024, the Company entered into a novation agreement which substituted LianBio Cayman for LianBio HK.

The Company will recognize the revenue associated with the Combined Performance Obligation as the clinical supply of LYR-210 is delivered. The Company recognizes revenue associated with the Development Activities Performance Obligation as the development activities are performed using an input method, according to the costs incurred as to the development activities related to the global Phase 3 clinical trial and the costs expected to be incurred in the future to satisfy the performance obligation. The transfer of control occurs over this time period and, in management's judgment, is the best

measure of progress towards satisfying the performance obligation. The amounts received that have not yet been recognized as revenue are deferred as a contract liability on the Company's consolidated balance sheets and will be recognized as the clinical supply of LYR-210 is delivered and over the remaining time it takes to conduct the global Phase 3 clinical trial, respectively.

There were no changes in the transaction price from December 31, 2024 to December 31, 2025. The following table reflects the transaction price (in thousands):

	As of December 31, 2025		
	Pre-Milestone	Milestone	Post-Milestone
Combined Performance Obligation	$ 8,373	$ 3,489	$ 11,862
Development Activities Performance Obligation	3,627	1,511	5,138
Total	$ 12,000	$ 5,000	$ 17,000

The following table reflects the revenue recognized related to each of the performance obligations and the remaining deferred revenue (in thousands):

	As of December 31, 2025		
	Combined Performance Obligation	Development Activities Performance Obligation	Total
Deferred revenue at December 31, 2023	$ 11,748	$ 2,046	$ 13,794
Revenue recognized	—	(1,534)	(1,534)
Deferred revenue at December 31, 2024	11,748	512	12,260
Revenue recognized	—	(398)	(398)
Deferred revenue at December 31, 2025	$ 11,748	$ 114	$ 11,862

Development and regulatory milestone fees, which are a type of variable consideration, are recognized as revenue to the extent that it is probable that a significant reversal will not occur. Note that the allocated deferred revenue associated with the clinical supply agreement has been recorded as long term deferred revenue given the potential uncertainty of delivery within the next twelve months. As of December 31, 2025, the parties still have not completed their negotiations of the clinical supply agreement. At this point, it is uncertain whether such an agreement will be completed. In view of the uncertainty around the completion of the clinical supply agreement, the Company may decide to recognize such payments as revenue on an accelerated schedule.

There were no milestones achieved during the years ended December 31, 2025 or 2024.

The Company recognizes royalty revenue and sales-based milestones at the later of (i) when the related sales occur, or (ii) when the performance obligation to which the royalty has been allocated has been satisfied. No royalty revenue has been earned as of December 31, 2025.

During 2025, entities affiliated with Perceptive Advisors, LLC are shareholders of both the Company and LianBio. Additionally, two of the Company's former directors are Managing Directors at Perceptive Advisors, LLC and one of these former directors is also the Executive Chairman of LianBio's board of directors.

14. Income Taxes

The Company records a provision or benefit for income taxes on pre-tax income or loss based on its estimated effective tax rate for the year. During the years ended December 31, 2025 and 2024, the Company recorded net operating losses of approximately $28.9 million and $93.4 million, respectively, and, since it maintains a full valuation allowance on its deferred tax assets, the Company did not record an income tax benefit for the years ended December 31, 2025 and 2024.

A reconciliation of income tax expense computed at the statutory federal income tax rate to income taxes reflected in the consolidated financial statements is as follows (amounts in thousands):

	Year Ended December 31,			
	2025		2024	
	Amount	Rate	Amount	Rate
Income tax computed at federal statutory tax rate	$ (6,070)	21.0%	$ (19,614)	21.0%
Tax credits:				
Research credits	—	—%	(2,647)	2.8%
Nontaxable nondeductible items:				
Stock compensation	2,722	(9.4)%	202	(0.2)%
162 (m) compensation limit	(2,349)	8.1%	946	(1.0)%
Other	69	(0.2)%	72	(0.1)%
Other adjustments	—	—%	862	(0.9)%
Changes in valuation allowances	5,631	(19.5)%	19,171	(20.5)%
Domestic state and local taxes, net of federal effect	8	—%	1,047	(1.1)%
Total	$ 11	—%	$ 39	—%

Net deferred tax assets as of December 31, 2025 and 2024 consist of the following (in thousands):

	December 31,	
	2025	2024
Deferred tax assets:		
Net operating loss carryforwards	$ 73,309	$ 41,333
Research and development credits	7,975	7,975
Stock-based compensation	1,122	1,062
Operating lease liabilities	7,989	9,184
Capitalized research & experimental expenditures	825	24,975
Deferred revenue	3,132	3,234
Other	467	785
Total gross deferred tax assets	94,819	88,548
Less: valuation allowance	(91,767)	(84,810)
Total deferred tax assets	3,052	3,738
Deferred tax liabilities:		
Operating lease right-of-use assets	(3,052)	(3,738)
Total deferred tax liabilities	(3,052)	(3,738)
Net deferred taxes	$ —	$ —

As of December 31, 2025, the Company had U.S. federal net operating loss carryforwards of approximately $23.8 million which may be able to offset future income tax liabilities and expire at various dates through 2037 and approximately $287.9 million of federal net operating loss carryforwards that may be carried forward indefinitely. As a result of the IRC 382 study performed in 2022 the Company wrote off $125.4 million of state net operating losses and $2.8 million of state research and development credits. The Company updated their IRC 382 study in 2023 given the changes to the Massachusetts apportionment to single sales resulting in a reduced amount of $125.8 million. As of December 31, 2025, the Company had state net operating loss carryforwards of approximately $186.6 million which may be available to offset future income tax liabilities and expire at various dates through 2045.

As of December 31, 2025 and 2024, the Company had federal research and development tax credit carryforwards of approximately $6.4 million in each year, available to reduce future tax liabilities which expire at various dates through 2045. As of December 31, 2025 and 2024, the Company had state research and development tax credit carryforwards of approximately $2.0 million and $2.0 million, respectively, available to reduce future tax liabilities which expire at various dates through 2040. The Company has generated research credits but has not conducted a study to document the qualified activity. This study may result in an adjustment to the Company's research and development credit carryforwards; however, until a study is completed and any adjustment is known, no amounts are being presented as an uncertain tax position. A full valuation allowance has been provided against the Company's research and development credits and, if an adjustment is

required, this adjustment would be offset by an adjustment to the deferred tax asset established for the research and development credit carryforwards and the valuation allowance.

Under the provisions of the IRC, the net operating loss and tax credit carryforwards are subject to review and possible adjustment by the Internal Revenue Service and state tax authorities. Net operating loss and tax credit carryforwards may become subject to an annual limitation in the event of certain cumulative changes in the ownership interest of significant shareholders over a three-year period in excess of 50%, as defined under Sections 382 and 383 of the Internal Revenue Code, respectively, as well as similar state provisions. The Company had performed an IRC 382 study during 2022 which resulted in identifying three separate ownership changes that occurred on March 31, 2006, January 17, 2020, and April 13, 2022. The Company performed an update assessment to our IRC 382 analysis in conjunction with the December 31, 2023 annual audit noting no additional ownership change. For these reasons, in the event the Company experiences a change of control, it may not be able to utilize a material portion of the NOLs or research and development credit carryforwards even if the Company attains profitability.

ASC 740 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. After consideration of all the evidence, both positive and negative, the Company has recorded a valuation allowance against its deferred tax assets at December 31, 2025 and 2024 because the Company's management has determined that it is more likely than not that the Company will not recognize the benefits of its federal and state deferred tax assets primarily due to its history of cumulative net losses incurred since inception and its lack of commercialization of any products or generation of any revenue from product sales since inception and, as a result, a valuation allowance of approximately $91.8 million and $84.8 million, respectively, has been established at December 31, 2025 and 2024. Management reevaluates the positive and negative evidence at each reporting period. The valuation allowance increased by approximately $7.0 million during the year ended December 31, 2025 due primarily to the generation of net operating losses compared to the increase by approximately $24.8 million during the year ended December 31, 2024 due primarily to an increase in capitalized research and experimental expenditures and an increase in operating lease liabilities.

The Company has recorded adjustments to deferred tax assets for unrecognized tax benefits as of December 31, 2025 and 2024. The Company's policy is to record interest and penalties related to uncertain tax positions as part of its income tax provision. As of December 31, 2025 and 2024, the Company had not accrued interest or penalties related to uncertain tax positions and no such amounts have been recognized in the Company's consolidated statements of operations and comprehensive loss. In many cases, the Company's uncertain tax positions are related to years that remain subject to examination by relevant tax authorities. The statute of limitations for federal and state tax authorities is closed for years prior to December 31, 2022. However, since the Company is in a loss carryforward position, the Company is generally subject to examination by the U.S. federal, state and local income tax authorities for all tax years in which a loss carryforward is available.

15. Leases

Watertown Lease

In August 2007, the Company entered into an operating lease, as amended, for office and laboratory space in Watertown, Massachusetts. The lease includes certain rent escalations. In July 2023, the Company amended the lease to extend the expiration of the lease term from April 2024 to April 2027. Under the terms of the amended lease, the Company no longer has the right to terminate the lease after January 1, 2024.

The Company maintains a letter of credit of approximately $0.3 million securing its obligations under the operating lease which is secured by approximately $0.3 million, which are included as restricted cash in the consolidated balance sheets. Rent expense is recognized on a straight-line basis over the terms of occupancy.

Waltham Lease

The Company has two leases for two separate spaces in the same building at 880 Winter Street in Waltham, Massachusetts. The Company refers to the first lease as the "Waltham Lease" and the second lease arrangement as the "Waltham Sublease" as the Company, as a tenant, is subleasing space from under an existing lease arrangement whereby the

lessee to the headlease has agreed to sublease the space to the Company under a sublease agreement.

In May 2022, the Company executed the Waltham Lease. The leased premises comprises approximately 29,000 square feet of office and lab space, and the lease initially provides for base rent of $2.2 million per year, which will increase 3% per year over the noncancellable term ending on June 30, 2033. The Company has the option to extend the lease for one additional five-year term and is responsible for its share of real estate taxes, maintenance, and other operating expenses applicable to the leased premises. The Company did not include the option to extend the lease for the additional five-year term in its measurement of the right-of-use asset and lease liability.

In connection with the lease, a security deposit was delivered to the landlord in the form of an irrevocable standby letter of credit collateralized by $1.1 million of deposits with the financial institution which is recorded as restricted cash.

Waltham Sublease

In December 2023, the Company executed the Waltham Sublease. The subleased premises comprise approximately 24,000 square feet, and the sublease provides for base rent of $1.8 million per year, which will increase 3% per year over the noncancellable term ending on November 30, 2032. The Company is also responsible for its share of real estate taxes, maintenance, and other operating expenses applicable to the subleased premises.

Upon sublease commencement on January 3, 2024, the Company recorded the sublease as a component of its operating lease right-of-use asset and operating lease liabilities. In connection with the sublease, a security deposit was delivered to the sublandlord in the form of an irrevocable standby letter of credit collateralized by $0.6 million of deposits with the financial institution which is recorded as restricted cash.

The components of lease cost recorded in the Company's consolidated financial statements were as follows (in thousands):

	Year Ended December 31,	
	2025	2024
Lease Cost:		
Operating lease cost	$ 5,132	$ 6,410
Variable lease cost	2,527	2,514
Total lease cost	$ 7,659	$ 8,924

Variable lease payments include the Company's allocated share of costs incurred and expenditures made by the landlord in the operation and management of the building.

The weighted-average remaining lease term and discount rate related to the Company's operating leases were as follows:

	December 31,	
	2025	2024
Weighted-average remaining lease term (in years)	6.7	7.4
Weighted-average discount rate	6.1%	6.2%

Maturity of the Company's operating lease liabilities in accordance with ASC 842 as of December 31, 2025 were as follows (in thousands):

Year ending December 31,		
2026	$	6,494
2027		5,131
2028		4,507
2029		4,642
Thereafter		16,010
Total maturities		36,784
Less: Imputed interest		(6,525)
Present value of operating lease liability		30,259
Less: Current portion of operating lease liability		(4,818)
Total operating lease liability, net of current portion	$	25,441

Total rent expense under the Company's leases amounted to $5.1 million and $6.4 million for the years ended December 31, 2025 and 2024, respectively. In 2024, the Company evaluated the above leases for impairment indicators and determined that the right-of-use assets were impaired. Additional details are included within Note 7 above.

16. Retirement Plan

The Company has a defined-contribution plan under Section 401(k) of the Internal Revenue Code ("401(k) Plan"). The 401(k) Plan covers all employees who meet defined minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. As currently established, the Company is not required to make any contributions to the 401(k) Plan. For the year ended December 31, 2025, the Company did not make a discretionary match to the 401(k) Plan. For the year ended December 31, 2024, the Company made a discretionary match that matches 50%, up to 6% employee contribution, and therefore a maximum of 3% of employees' salary. Matching contributions are fully vested at the time of contribution. The Company matched $0.2 million of employee 401(k) contributions for the year ended December 31, 2024, which is included in the consolidated statements of operations and comprehensive loss.

17. Commitment and Contingencies

On May 10, 2023, the Company filed a complaint in the Superior Court of the State of Delaware against a former CMO alleging breach of contract. The Company alleged in its complaint that the former CMO breached the Master Clinical Supply Agreement ("MCSA"). The Company's complaint sought monetary damages and the return of equipment and materials that the Company owned. On July 20, 2023, the same former CMO filed an answer and amended counterclaims to the Company's May 10, 2023 complaint (the "Litigation"). Due to the legal proceeding and termination of agreement with this manufacturer, the Company recognized $1.6 million loss on impairment of long-lived assets during the year-ended December 31, 2023.

On November 2, 2023, the Company entered into a settlement and release agreement, related to the Litigation, pursuant to which each of the Company and the former CMO provided broad mutual releases of all claims relating to or arising out of the MCSA, including without limitation, all claims brought in the Litigation or that could have been brought in the Litigation. The Company and the former CMO jointly filed a Stipulation of Dismissal with prejudice relating to the Litigation. In the fourth quarter of 2024, the Company paid the remaining liability of $0.4 million of the Stipulation of Dismissal with prejudice to the former CMO.

Exhibit 31.1

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Maria Palasis, certify that:

1. I have reviewed this Annual Report on Form 10-K of Lyra Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2026

By: /s/ Maria Palasis, Ph.D.
Maria Palasis, Ph.D.
Principal Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jason Cavalier, certify that:

1. I have reviewed this Annual Report on Form 10-K of Lyra Therapeutics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2026

By: /s/ Jason Cavalier
Jason Cavalier
Principal Financial and Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Lyra Therapeutics, Inc. (the "Company") for the period ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 31, 2026

By: /s/ Maria Palasis, Ph.D.
Maria Palasis, Ph.D.
Principal Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Lyra Therapeutics, Inc. (the "Company") for the period ended December 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: March 31, 2026

By: /s/ Jason Cavalier
Jason Cavalier
Principal Financial and Accounting Officer