

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **August 14, 2023**

NEXGEL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-41173

(Commission File Number)

26-4042544

(IRS Employer
Identification No.)

**2150 Cabot Boulevard West, Suite B
Langhorne, Pennsylvania**

(Address of principal executive offices)

19067

(Zip Code)

Registrant's telephone number, including area code: **(215) 702-8550**

(Former name or former address, if changed since last report)

Not Applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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, par value \$0.001	NXGL	The Nasdaq Capital Market LLC
Warrants to Purchase Common Stock	NXGLW	The Nasdaq Capital Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition

On August 14, 2023, NexGel, Inc. (the "**Company**") issued a press release reporting the Company's results for the quarter ended June 30, 2023, a copy of which is attached as Exhibit 99.1 hereto and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On August 14, 2023, the Company began utilizing a new investor presentation, a copy of which is attached hereto as Exhibit 99.2.

The information in Items 2.02 and 7.01 of this Current Report on Form 8-K, including the information set forth in Exhibits 99.1 and 99.2, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor shall Exhibits 99.1 and 99.2 filed herewith be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No. **Description**

99.1	Press release issued August 14, 2023.
99.2	NexGel, Inc. Investor Presentation, dated August 2023.
104	Cover Page Interactive Data File (formatted as Inline XBRL)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 14, 2023

NEXGEL, INC.

By: */s/ Adam Levy*

Adam Levy
Chief Executive Officer



NEXGEL Reports Second Quarter 2023 Record Revenue of \$1.17 Million, an Increase of 108% Year-Over-Year

LANGHORNE, Pa. – August 14, 2023 – NEXGEL, Inc. (“NEXGEL” or the “Company”) (NASDAQ: “NXGL”), a leading provider of ultra-gentle, high-water-content hydrogel products for healthcare and consumer applications, today announced financial results for the second quarter ended June 30, 2023.

Adam Levy, NEXGEL’s Chief Executive Officer, commented, “Record second quarter revenue of \$1.17 million, an increase of 108% year-over-year, exceeded our projections. Our contract manufacturing line of business increased 174% year-over-year, predominately due to the full quarter contribution of our joint venture with C.G. Laboratories as well as increased demand from our existing contract customers. New and existing direct-to-consumer branded products also continued to sell through well during the quarter, increasing 44% year-over-year.”

Mr. Levy continued, “During the second quarter, we strategically invested in inventory and capital expenditure to improve equipment and increase capacity in anticipation of demand we expect during the second half of this year and beyond. Thus far the branded products sequential growth trend we saw in the first half of the year has continued into the current third quarter. Taking into account the investments we made during the quarter, we continue to have a sufficient runway of cash to operate and invest in accelerating our growth going forward.”

2023 Operational Highlights to Date

- Announced a new strategic relationship with Enigma Health, a new joint venture company, for retail distribution and marketing services in North America.
- Acquired a 50% interest in a newly formed joint venture (“JV”), CG Converting and Packaging, LLC, with C.G. Laboratories Inc. (“CG Labs”) for its converting and packaging business.
- Executed a supply agreement with a large new customer relating to a new consumer product.
- Launched advertising and marketing initiative, which has increased branded product sales.

Second Quarter 2023 Financial Highlights

For the second quarter of 2023, revenue totaled \$1.17 million, an increase of \$606 thousand or 108%, as compared to \$561 thousand for the same period the year prior. The quarterly increase in overall revenues was primarily due to sales growth in contract manufacturing of 174% and branded products of 44% year-over-year. Revenue for the quarter included a full quarter contribution from the newly formed joint venture with C.G. Laboratories.

Gross profit for the second quarter of 2023 was \$175 thousand, compared to a gross profit of \$101 thousand for the same prior year period. Gross profit margin for the second quarter of 2023 was 15% as compared to 18% for the same period the year prior. The increase in gross profit was mainly due to the higher volume of contract manufacturing sales against fixed costs partially offset by higher manufacturing labor costs and increased manufacturing of promotional materials and customer product samples to support new product line growth.

Total operating expenses, including R&D and SG&A expenses, increased to \$937 thousand for the three months ended June 30, 2023, compared to \$819 thousand for the prior year period. The year-over-year increase was attributable to an increase in compensation and benefits and professional fees. Advertising, marketing, and Amazon fees also increased period-over-period to support new product line growth.

Net loss for the quarter ended June 30, 2023, improved to \$687 thousand or \$0.13 per basic and diluted share, compared to net loss of \$1 million or \$0.19 per basic and diluted share for the same period in 2022.

As of March 31, 2023, NEXGEL had approximately \$4.3 million of cash and cash equivalents and marketable securities. During the quarter the Company invested in inventory and capital expenditures for new equipment and increase in capacity at its manufacturing facility in anticipation of increased demand in contract manufacturing during the second half of 2023.

As of June 30, 2023, NEXGEL had 5,696,064 shares of common stock outstanding.

NEXGEL Second Quarter 2023 Financial Results Conference Call

Management will host a conference call and webcast today at 4:30 p.m. Eastern Time to discuss its operational and financial results for the second quarter 2023.

Date: August 14, 2023

Time: 4:30 P.M. ET

Live Call: +1-877-300-8521 (U.S. Toll Free) or +1-412-317-6026 (International)

Webcast: https://viaid.webcasts.com/starthere.jsp?ei=1627569&tp_key=69c361dd6d

For interested individuals unable to join the conference call, a replay will be available through August 28, 2023, at +1-844-512-2921 (U.S. Toll Free) or +1-412-317-6671 (International). Participants must use the following code to access the replay of the call: 10181557. An archived version of the webcast will also be available on NEXGEL’s Investor Relations site: <https://ir.nexgel.com/>.

About NEXGEL, INC.

NEXGEL is a leading provider of ultra-gentle, high-water-content hydrogels for healthcare and consumer applications. Based in Langhorne, Pa., the Company has developed and manufactured electron-beam, cross-linked hydrogels for over two decades. NEXGEL has formulated more than 200 different combinations to bring natural ingredients to gentle skin patches that can be worn for long periods of time with little to no irritation.

Forward-Looking Statement

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (which Sections were adopted as part of the Private Securities Litigation Reform Act of 1995). Statements preceded by, followed by or that otherwise include the words “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “project,” “prospects,” “outlook” and similar words or expressions, or future or conditional verbs, such as “will,” “should,” “would,” “may,” and “could,” are generally forward-looking in nature and not historical facts. These

forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance, or achievements to be materially different from any anticipated results, performance, or achievements for many reasons. The Company disclaims any intention to, and undertakes no obligation to, revise any forward-looking statements, whether as a result of new information, a future event, or otherwise. For additional risks and uncertainties that could impact the Company's forward-looking statements, please see the Company's Annual Report on Form 10-K for the year ended December 31, 2022, including but not limited to the discussion under "Risk Factors" therein, which the Company filed with the SEC and which may be viewed at <http://www.sec.gov/>.

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NEXGEL, INC
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2023 AND DECEMBER 31, 2022
(Unaudited)
(in thousands, except share and per share data)

	June 30, 2023	December 31, 2022
ASSETS:		
Current Assets:		
Cash	\$ 3,691	\$ 1,101
Marketable securities	612	5,508
Accounts receivable, net	950	222
Inventory	1,079	502
Prepaid expenses and other current assets	366	172
Total current assets	6,698	7,505
Goodwill	311	311
Intangibles, net	13	20
Property and equipment, net	1,413	721
Operating lease - right of use asset	1,967	1,737
Other assets	95	63
Total assets	\$ 10,497	\$ 10,357
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,058	\$ 265
Accrued expenses and other current liabilities	202	130
Current portion of note payable	15	15
Warrant liability	165	242
Operating lease liability, current portion	232	207
Total current liabilities	1,672	859
Operating lease liability, net of current portion	1,819	1,593
Notes payable, net of current portion	265	268
Total liabilities	3,756	2,720
Commitments and Contingencies (Note 15)		
STOCKHOLDERS' EQUITY		
Preferred stock, par value \$0.001 per share, 5,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, par value \$0.001 per share, 25,000,000 shares authorized; 5,696,064 and 5,577,916 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	6	6
Additional paid-in capital	19,242	19,189
Accumulated deficit	(13,067)	(11,558)
Total NexGel stockholders' equity	6,181	7,637
Non-controlling interest in joint venture	560	-
Total stockholders' equity	6,741	7,637
Total liabilities and stockholders' equity	\$ 10,497	\$ 10,357

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Unaudited)
(in thousands, except share and per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Revenues, net	\$ 1,167	\$ 561	\$ 1,786	\$ 956

Cost of revenues	992	460	1,669	884
Gross profit	175	101	117	72
Operating expenses				
Research and development	55	111	84	135
Selling, general and administrative	882	708	1,679	1,467
Total operating expenses	937	819	1,763	1,602
Loss from operations	(762)	(718)	(1,646)	(1,530)
Other income (expense)				
Interest expense	(9)	(348)	(10)	(1,092)
Interest income	2	-	2	-
Loss on debt extinguishment	-	-	-	(150)
Other income	-	2	4	2
Gain on investments	116	-	124	-
Changes in fair value of warrant liability	11	29	77	(101)
Total other income (expense), net	120	(317)	197	(1,341)
Loss before income taxes	(642)	(1,035)	(1,449)	(2,871)
Income tax expense	-	-	-	-
Net loss	\$ (642)	\$ (1,035)	\$ (1,449)	\$ (2,871)
Less: Income attributable to non-controlling interest in joint venture	53	-	60	-
Net loss attributable to NexGel stockholders	(695)	(1,035)	(1,509)	(2,871)
Net loss per common share - basic	\$ (0.12)	\$ (0.19)	\$ (0.27)	\$ (0.52)
Net loss per common share - diluted	\$ (0.12)	\$ (0.19)	\$ (0.27)	\$ (0.52)
Weighted average shares used in computing net loss per common share - basic	5,662,338	5,572,234	5,624,275	5,572,234
Weighted average shares used in computing net loss per common share - diluted	5,662,338	5,572,234	5,624,275	5,572,234

NEXGEL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023 AND 2022
(Unaudited)
(in thousands)

	Six Months Ended June 30,	
	2023	2022
Operating Activities		
Net loss	\$ (1,509)	\$ (2,871)
Adjustments to reconcile net loss to net cash used in operating activities:		
Income attributable to non-controlling interest in joint venture	60	-
Depreciation and amortization	68	57
Changes in ROU asset and operating lease liability	21	19
Share-based compensation and restricted stock vesting	53	134
Gain on investment in marketable securities	124	-
Changes in fair value of warrant liability and warrant modification	(77)	101
Amortization of deferred financing costs	-	1,086
Loss on extinguishment of debt	-	150
Changes in operating assets and liabilities:		
Accounts receivable	(728)	(91)
Inventory	(577)	(90)
Prepaid expenses and other assets	(226)	(286)
Accounts payable	793	268
Accrued expenses and other current liabilities	72	28
Net Cash Used in Operating Activities	(1,926)	(1,495)
Investing Activities		
Proceeds from sales of marketable securities	4,772	-
Investment in marketable securities	-	(5,371)
Capital expenditures	(253)	(31)
Net Cash Provided by Investing Activities	4,519	(5,402)
Financing Activities		
Principle payments of notes payable	(3)	(2,033)
Net Cash Used in Financing Activities	(3)	(2,033)
Net Decrease in Cash	2,590	(8,930)
Cash - Beginning of period	1,101	13,350
Cash - End of period	\$ 3,691	\$ 4,420
Supplemental Disclosure of Cash Flows Information		
Cash paid during the year for:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -
Supplemental Non-cash Investing and Financing activities		

Property and equipment contributed as capital investment to JV	\$	500	\$	-
ROU asset and operating lease liabilities recognized upon consolidation of JV	\$	334	\$	-



Investor Presentation

August 2023

NASDAQ: NXGL

Forward-Looking Statement

This presentation contains certain forward-looking statements, including those relating to the Company's product development, market opportunity, competitive position, possible or assumed future results of operations, business strategies, potential growth opportunities and other statements that are predictive in nature.

Additional written and oral forward-looking statements may be made by the Company from time to time in filings with the Securities and Exchange Commission (SEC) or otherwise.

The Private Securities Litigation Reform Act of 1995 provides a safe-harbor for forward-looking statements. These statements may be identified by the use of forward-looking expressions, including, but not limited to, "expect," "anticipate," "intend," "plan," "believe," "estimate," "potential," "predict," "project," "should," "would" and similar expressions and the negatives of those terms.

These statements relate to future events or our financial performance and involve known and unknown risks, uncertainties, and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include those set forth in the Company's filings with the SEC.

Prospective investors are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this presentation. Except as otherwise required by law, the Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Who We Are



At NEXGEL, we apply our proprietary hydrogel technology to manufacture unique products to address the issues patients with fragile/sensitive skin cope with on a daily basis.

We are creating next generation products, and life cycle extensions for existing products, that change and enhance the patient experience for the better.



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Competitive Advantage: State-of-the-art Manufacturing Facility

Medical grade technology and facility, providing gels to multi-national device companies for over 20 years with sufficient capacity to fulfill consumer and healthcare segments

1 of 2 manufacturing facilities in North America that can produce State-of-the-art hydrogel transdermal products
- successfully used 200+ different active ingredient combinations to date

16,500-square-ft GMP
One of two manufacturing facilities in North America

13,500-square-ft Manufacturing Space
3,000-square-ft Office Space

>1.4 Billion Square inches of product per year is total capacity

Sufficient capacity across healthcare and consumer divisions - Currently operating at <5% capacity

Electron Beam Accelerator eliminates the need for harmful chemicals in hydrogel production

High barrier to entry for new facilities (2+yrs to go live)

Stringent compliance requirements

Technical expertise needed to operate



Why NEXGEL's Hydrogels are Suitable for Consumer and Medical Applications

- Electron beam technology eliminates the need for harmful chemicals in cross-linking, which, along with our paraben-free formulation, makes our patches the only option for many medical device applications and preferred among consumers
- Gentle formulation & strong adhesion properties eliminates many problems with existing transdermal devices & dermal interfaces such as:

- Deterioration of skin integrity
- Skin allergies
- Skin irritation
- Discomfort
- Skin tears
- Removal of dermis
- Pain

All of these contribute to increased risk of infection and overall patient dissatisfaction



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Verticals for Growth



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Multiple Medical Device Opportunities

Addressing the importance of skin integrity and overall skincare with a medical device



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Medical Device Division- NEXDrape

NEXDrape - A "skin friendly" solution for the surgical drape 510(k) market

- The surgical incise drape market is large and growing.
 - Current landscape is fragmented
 - 3M Healthcare is the leading player
 - Gross sales of surgical drapes are expected to continue to increase for the next five years¹
- NEXGEL has filed worldwide patents for NEXDrape based on two human cadaver proof of concept studies
- NEXGEL is currently in early-stage discussions with multiple companies to discuss codeveloping and/or marketing NEXDrape

1. The global average gross margin of surgical drapes is in the decreasing trend, from 28.37% in 2011 to 31.14% in 2015. With the situation of the global economy, gross margin is expected to have an increasing trend





The dermis remained intact after removal- *decreasing* the risk of infection and discomfort for the patient

Leading Brand



Pieces of dermis removed- *increasing* the risk of infection and discomfort for the patient

Innovating and Disrupting the Existing Surgical Drape Industry

Attributes	<i>NEXDrape</i>	Leading Brand
Consistent Adhesion and Uniformly Sticks	✓	✓
No Skin Irritation	✓	
Deliver wide range of antiseptic/antibiotic agents	✓	
Eliminates Air Bubbles	✓	
Prevents Dermis Removal Post-Surgery	✓	
Suitable for Sensitive Skin	✓	

- *NEXDrape* provides consistent adhesion without drying out the skin during surgery
- *NEXDrape's* gentle formulation offers a safer alternative, providing:
 - Greater skin integrity
 - More comfortable removal post-surgery
 - Decreased skin irritation for patients
- Plan to license to leading industry players upon FDA approval



NexDerm for central lines and IVs

- Tegaderm is very difficult and painful to remove, especially for compromised skin patients
- NexDerm will have anti-microbial properties
- Advantages of NexDerm include:
 - Repositionable
 - Pain-Free removal
 - Gentle to the skin
 - Helps prevent infection

Potential Future Applications in the Medical Device Space

- Negative Pressure
- Colostomy bags
- Skin scaffolds

Hydrogel Patch to Treat Amblyopia

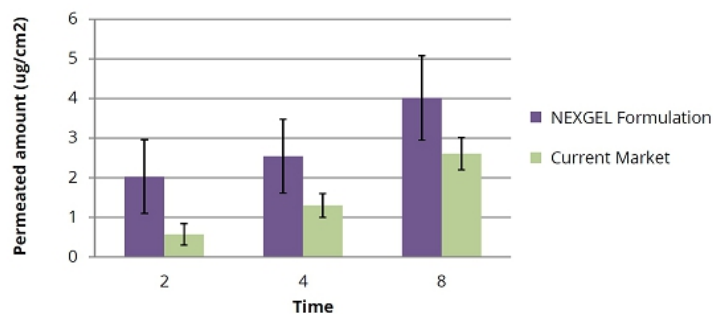
*Patch will be available to Ophthalmologists and Optometrists in 1H 2023
Global Amblyopia market expected to reach over \$6 billion by 2027*

- Amblyopia is a type of poor vision that typically occurs in one eye, but can occur in both eyes (also referred to as lazy eye)
- Most common cause of visual impairment in childhood and affects approximately 2 to 3 children out of every 100
- Current standard of care are patches placed directly on the skin covering the eye that are difficult to adjust and remove, pulling at and irritating the thin skin around the eye
- Unlike the current standard-of-care patching, NEXGEL's hydrogel patch is much gentler on the skin and manufactured without the use of harsh chemicals or painful adhesives

Proof of Concept Data for Pain

- Proof-of-concept study completed, validating the potential value of our hydrogel technology for pain indications (arthritis, joint pain, etc.)
- Compared to the current market, NEXGEL's product demonstrated efficacy (faster-acting, longer lasting, with no mess)

Comparative In-Vitro¹ Human Skin Permeation of Diclofenac Sodium from NEXGEL Patch After 8 Hours



1. In-vitro skin permeation performed using full thickness derma to med human cadaver skin; 250 microns thick in Franz cells (3.65 ml volume with 0.95 cm² 2,4, and 8 hours. Analysis by HPLC.

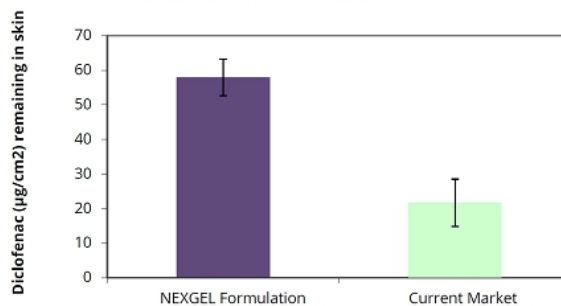
2. Skin samples were removed from Franz cell after 8 hours permeation experiment and extracted in ethanol for 12 hours at 37C. Analysis by HPLC.



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Comparative In-Vitro² Human Skin Retention of Diclofenac Sodium from NEXGEL Patch After 8 Hours



Consumer Health & Beauty

Bringing proven medical-grade technology to OTC and B&C for the first time through many new consumer products & applications



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Multiple Low-Risk Revenue Paths for Consumer Segment



NOW PARABEN-FREE

Research
Development /
Custom Label

White
Label

DTC /
E-Commerce
Proprietary
Brands



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Joint Venture with C.G. Laboratories

50% interest for converting and packaging business

- CG Labs current converting and packaging division is one of NEXGEL's largest customers for many years, revenue generating and already profitable
- Transaction immediately increases capacity, improves margins and streamlines supply chain
- Significant synergies, allowing for onboarding of potential finished goods customers as well as combined marketing and customer outreach
- Closed in March 2023; Q2 of 2023 will be first full quarter of revenue contribution



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Custom & White Label Strategy

NEXGEL leverages platform to supply OTC brands with unique, gentle hydrogel-based products

- All UV cured hydrogel patches contain AMP-acrylates/vinyl Isodecanoate crosspolymer, Toluene, and Vinyl acetate, or similar chemicals, which are non-starters for the Beauty & Cosmetics industry, as are parabens which we have removed
- Customers pay a development fee to create custom products. NEXGEL has no financial risk in the product's success or failure
- Interest in this vertical continues to grow with high percentage converting to commercial orders.
- White label projects increase awareness that NEXGEL is a consumer-friendly and reliable supplier of customizable patches

Executed supply agreement with a large new customer relating to new consumer product.



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Proprietary Branded Products

Rapid growth since launch in Q4-2020

- Medagel brand selling 11 SKUs on Amazon.com addressing:
 - Pain Management
 - Sports & Sports Related Applications
 - General Podiatry
 - Burn / Itch Relief
- Recently launched Turfguard, a unique dressing for soothing turf burn and protecting athletic wound
- Launching beauty and cosmetic brand, Lumagel, in 2H22
- Currently selling products exclusively online (low capital commitment) and partnered with MPG for potential retail distribution



NOW PARABEN-FREE



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SilverSeal® Anti-Microbial Data

- SilverSeal® study was published *SAGE Journals' Scars, Burns and Healing* publication. The results indicated that SilverSeal demonstrated statistically significant improvement of skin functionality, fewer negative symptoms, and a reduction of scar appearance relative to standard petroleum-based dressing.
- NEXGEL, Inc. completed the validation of the anti-microbial properties of the SilverSeal® product line.
- The X-Static Silver-impregnated, hydrogel-based product was found to be up to 99% effective in reducing common bacteria, fungus, and yeasts that can be evident in wounds after superficial skin injury.



Source: NexGel underwent AATCC Test Method 100

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SilverSeal® Opportunity

*40 patient double-blinded study data will allow NEXGEL to make a scar reduction claim
Data has been submitted for peer review and publication*

- SilverSeal® currently being sold for OTC wound care online- sales growing
- Supporting clinical data will allow us to make the claim that SilverSeal® reduces scarring
- The scar treatment market is expected to grow to \$45.0 billion by 2028²

12 Weeks – Treated With SilverSeal®¹



12 Weeks – Treated With Petroleum¹



1. "The Use of Silver impregnated hydrogel sheet in the management of foot and ankle incisions and wounds" by Stephen A. Brigido DPM FACFAS Section Chief- Foot and Ankle Reconstruction Director, Fellowship for Foot and Ankle Reconstruction Coordinated Health at Lehigh Valley Hospital

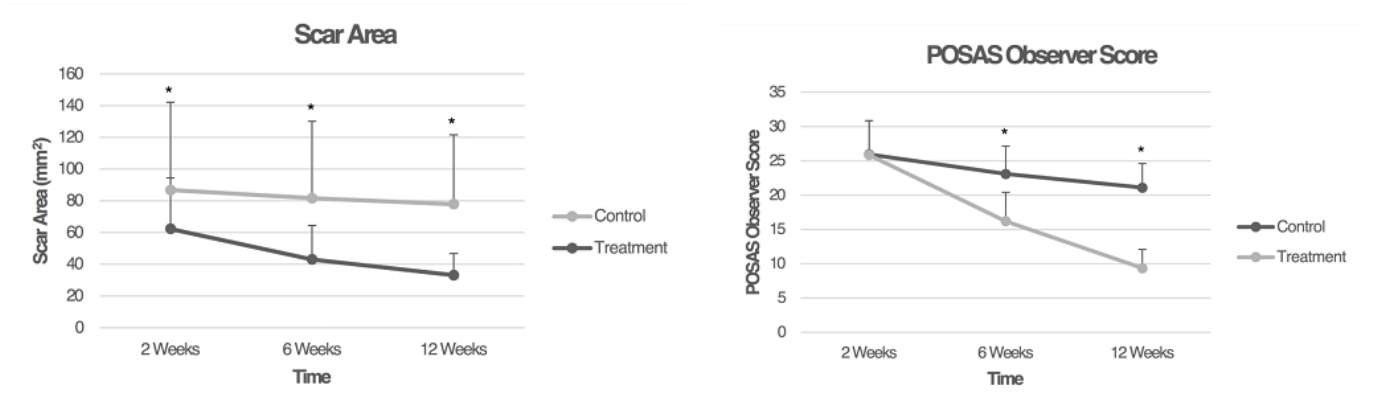
2. "Scar Treatment Market by Type, Product, Region, Global Industry Analysis, Market Size, Share, Growth, Trends, and Forecast 2021 to 2028" report by Fior Markets



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SilverSeal® Opportunity



Patients treated with SilverSeal demonstrated statistically significant outcomes compared to standard of care including Scar Area, Scar Width, POSAS Observer score, and PSOSAS Observer Opinion. This study demonstrated that both patient and surgeon had clinical benefit of the SilverSeal

Revenue Growth with Scalable Infrastructure

Income Statement:

- Record 2023 Second Quarter Revenue: \$1.17 million, +108% YOY
- Contract manufacturing +174% YOY, driven by strong sales momentum from addition of full quarter from CG Labs JV
- Branded consumer +44% YOY, best quarter ever, reflecting strong sales within the Amazon marketplace
- Sequential growth trend of branded products in the first half of the year has continued into the current third quarter thus far as of August 14, 2023.



Balance Sheet:

- \$4.3 million of cash and cash equivalents and marketable securities as of June 30, 2023
- Sufficient working capital to execute operating plan, including R&D, and invest in accelerating growth plan through 2025

Management Team

Seasoned and experienced management team and SAB leading NEXGEL



ADAM LEVY
CEO

- 34 years capital markets experience
- Led the successful turn-around of several financially distressed music companies as CEO of Warlock Records



ADAM DRAPCZUK
Chief Financial Officer

- 20+ years of financial reporting, treasury and accounting experience for pharma companies
- Extensive experience with leading early-stage companies



KELLY KNOBECK
Director of Consumer Products

- 6+ years of management, product coordinating and project planning experience
- Creative lead and manager of all marketing efforts



GREGORY J. ROBB
Vice President of Operations

- 29 years of experience in electron beam processing
- 22 years producing electron beam cross-linked hydrogels
- Mr. Robb designed the layout and coordinated and supervised the construction of the NEXGEL facility



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Board of Directors

Adam Levy - CEO

Steven Glassman

Steven Glassman, 56, has served on our Board of Director since March 8, 2021. Since January 2018, Mr. Glassman has served in the role of Global Business Initiatives at Nephila Advisors, LLC, a Nashville, TN based firm focused on catastrophic reinsurance and weather risk transfer markets in connection with the capital markets. From 2010 to 2017, Mr. Glassman served as the Chief Management Officer of Nephila Capital Ltd. Mr. Glassman holds a Bachelor of Arts in Economics from Vanderbilt University.

Scott Henry, CFA

Scott R. Henry, CFA, is a Managing Director, Senior Research Analyst at ROTH Capital Partners with 20 years of sell-side coverage in the pharmaceutical, biotechnology and medical device sectors. He has previously held positions with firms including Oppenheimer, Thomas Weisel Partners, ABN AMRO and Leerink Swann & Co. Mr. Henry has received numerous awards, including rankings in the Wall Street Journal "Best on the Street" stock picking survey, Forbes/Zacks Investment Research "Best Analysts" for the drugs category and Forbes.com/StarMine rankings for earnings estimate accuracy. His investment views have been cited in the Wall Street Journal and the New York Times, and he has made frequent appearances on CNBC, CBS MarketWatch and Bloomberg. Mr. Henry attended the University of Rhode Island and received an M.B.A. with distinction from Cornell University.

Dr. Jerome B. Zeldis, M.D., Ph.D.

See bio on following slide.

Miranda J. Toledano

Ms. Toledano, 45, has served on our Board of Directors since September 9, 2021. Since its founding in 2018, Ms. Toledano has served as Chief Operating Officer, Chief Financial Officer and Director at TRIGR Therapeutics, a private clinical stage immuno-oncology company focused on bispecific antibodies which was acquired by Compass Therapeutics in June 2021. Ms. Toledano currently serves as a director of Compass Therapeutics (OTC: CMPX), Entera Bio Ltd. (Nasdaq: ENTX), Journey Medical and Lipomedix. Additionally, Ms. Toledano served on the executive management team of Sorrento Therapeutics (Nasdaq: SRNE) as EVP Corporate Development from September 2016 until August 2017. From 2012 to 2016, Ms. Toledano served as Head of Healthcare Investment Banking at MLV & Co. (acquired by B. Riley FBR & Co.), where she completed equity capital market transactions totaling over \$4 billion in aggregate value. Prior to joining MLV, from 2004 until 2010, Ms. Toledano served in the investment group of Royalty Pharma (Nasdaq: RPRX). From 1998 to 2003, Ms. Toledano led the Life Sciences Corporate Finance group at Ernst & Young (Israel). Ms. Toledano holds a BA in Economics from Tufts University and an MBA in Finance and Entrepreneurship from the NYU Stern School of Business.

David Stefansky

Mr. Stefansky, 49, has served on our Board of Directors since September 10, 2019. Mr. Stefansky is a principal at Bezael Partners, LLC, a private company engaged in principal investments and advisory services for early-stage companies. He previously served in senior roles at investment banks and in executive and corporate director roles for private and publicly traded emerging growth companies in various sectors.

Nachum Stein

Mr. Stein, 72, has served on our Board of Directors since September 10, 2019. Mr. Stein is managing partner of HSI Partnership, an industrial and real estate investment family partnership. Mr. Stein previously served as Co-Chairman of the Board of Directors of Coleman Cable Co., a publicly traded company until its sale in 2014 for more than \$700 million. In 1987, he founded American European Group, a private insurance holding company ("AEG"). Mr. Stein is Chairman and Chief Executive Officer of AEG. Mr. Stein and his family currently own a majority of AEG. Mr. Stein is a former Chairman of the Board of Directors of Beth Jacob of Boro Park, the largest Jewish Community School for girls in the United States, and also a former member of the Board of Directors of Machon Bais Yakov Hilda Birn High School, and a member of the Board of Trustees of Agudath Israel of America as well as active in various community philanthropies, and committees of Jewish institutions of higher studies.



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Scientific Advisory Board

DR. JEROME ZELDIS- CHAIR

- Chief Medical Officer and President of Clinical Research, Regulatory, and Safety at Sorrento Therapeutics
- Chief Executive Officer of elgene Global Health, Chief Medical Officer of Celgene Corporation, Celgene's Senior Vice President of Clinical Research and Medical Affairs and had been at Celgene since February 1997
- Board member of several start-up biotechnology companies and is currently on the board of the PTC Corporation (PTCT), Soligenix, Trek Therapeutics and Blonor Pharma
- Published 122 peer reviewed articles and created 43 US patents

DR. STEPHEN BANCO

- Board-certified, fellowship-trained Orthopaedic Spinal Surgeon
- Completed a spinal surgery fellowship at The New England Baptist Hospital in Boston
- Currently on the Editorial Review Board of Clinical Spine Surgery and has recently authored two book chapters in *The Spine*.
- He has published original research articles in *The Journal of Bone and Joint Surgery, Spine* and *Current Opinions in Orthopaedics*
- Dr. Banco has been a practicing orthopaedic spinal surgeon for 14 years

DR. STEPHEN BRIGIDO

- Accomplished surgeon and entrepreneur with seventeen years of experience in foot and ankle surgery, regenerative medicine, and product development.
- Served as Chief of the Foot and Ankle Section at Coordinated Health for ten years and has been the Director of the prestigious Reconstructive Foot and Ankle Fellowship for 9 years.
- In 2013, Dr. Brigido was named Professor of Surgery at the Geisinger Commonwealth Medical College.
- Has over 100 peer-reviewed publications and book chapters in his name.

Dr. Neil Chesen

- Served as Chief of the Foot and Ankle Section at Coordinated Health for ten years and has been the Director of the prestigious Reconstructive Foot and Ankle Fellowship for 9 years
- A board-certified ophthalmologist who has been in private practice at Chesen Laser Eye Center for 33 years, with extensive experience in cataract and LASIK procedures.
- He is also board-certified in internal medicine – one of only 40 physicians in the U.S. with this double board certification. Has hospital privileges at the Reading Hospital – Tower Health, Penn State Health St. Joseph Medical Center, where he is chairman of the department of ophthalmology, and Surgical Institute of Reading, where he currently serves as Board Chairman.
- A member of the American Academy of Ophthalmology.

Dr. Leonard Nelson

- Serves as Co-Director of the pediatric ophthalmology department and Director of the Strabismus Center at Wills Eye Hospital. He is an associate professor of ophthalmology and pediatrics at Thomas Jefferson University's Sidney Kimmel Medical College and staff member at Thomas Jefferson University Hospital, Lankenau Medical Center and Children's Hospital of Philadelphia.
- Earned a Doctor of Medicine degree from Harvard Medical School, as well as completed his surgical internship at New England Deaconess Hospital and ophthalmology residency at New York University, Bellevue Hospital Center.
- Co-editor of the Journal of Pediatric Ophthalmology and Strabismus and authored over 300 publications and 15 textbooks in pediatric ophthalmology. He belongs to the American Association for Pediatric Ophthalmology and Strabismus and American Academy of Ophthalmology, among others.



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Overview of Nexgel's Opportunities

- Scalable platform, strong cash position, and low cash needs for B2B expansion and online product sales enable multiple shots on goal with path to profitability
- Medical Devices
 - **Market:** multi-billion hospital market
 - **Strategy:** license to existing medical device manufacturers
 - **Timeline:** 2023
- Proprietary Branded Products
 - **Market:** large markets in OTC consumer and beauty & cosmetics
 - **Strategy:** leverage existing facility capacity to capture sales through Amazon.com
 - **Timeline:** currently generating revenue, growth driver in 2021; launching Lumagel in 1Q23
- White/Custom Label Projects
 - **Market:** low margin B2B projects, opportunity for co-development deals in the future
 - **Strategy:** leverage existing facility capacity to provide line extensions for white label customers; co-develop products with partners for potential new products with IP
 - **Timeline:** growing white label customers, continuing to explore custom label deals



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APPENDIX



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What Makes NEXGEL's Hydrogels Unique?

Unlike many other patches on the market today, our hydrogels are always uniform, possess a high-water content, and therefore do not harmfully bond to the skin or produce strong odors

MIXING

- Feed mixes feature far greater homogeneity than the competition
- This manufacturing advantage is critical, especially as it relates to dosages of active ingredients
- Proprietary mixing technology allows for the incorporation of sensitive materials that may degrade if subjected to other types of mixing

FLEXIBILITY

- Proprietary coating technology enables us to properly coat the gels even while the gels are incredibly thick and resistant to flow
- We have achieved coating tolerances that have allowed us to coat materials as thin as 0.010 of an inch with a margin for error of typically less than 5%
- Thickness controls are critical to the performance of many of the end products utilizing our hydrogels, including medical electrodes, transdermal delivery patches, and cosmetic patches

CROSS-LINKING

- We cross-link our hydrogels using an electron beam accelerator
- Such linking is achieved by introducing a high energy field, created by accelerated electrons, which causes the release of hydrogen atoms and causes carbon molecule covalent bonding
- The creation of longer chains of the polymer in the gel increases its molecular integrity, giving the gel characteristics that make it useful in a variety of products