

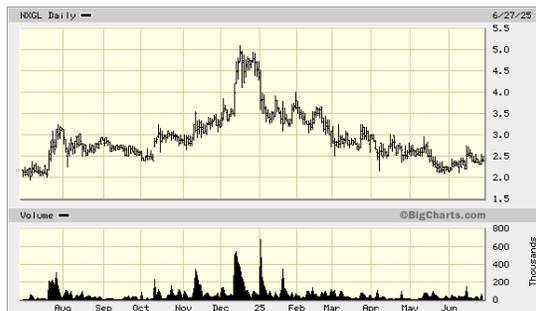
INNOVATING TRANSDERMAL DELIVERY WITH HYDROGELS



NEXGEL, Inc.

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Ticker (Exchange)	NXGL (NASDAQ)
Recent Price (06/30/2025)	\$2.40
52-week Range	\$1.95 – \$5.10
Shares Outstanding	7.6 mm
Market Capitalization	\$18.2 mm
Average 3-month volume	37,801
Insider Ownership +>5%	22%
Institutional Ownership	8%
EPS (Qtr. ended 03/31/2025)	(\$0.09)
Employees	19



Source: NEXGEL, Inc.

COMPANY DESCRIPTION

NEXGEL, Inc. (NXGL-NASDAQ) is a biotechnology company specializing in the development and manufacturing of advanced, high-water-content hydrogels for use in healthcare, medical device, cosmetic, and consumer wellness applications. Headquartered in Langhorne, Pennsylvania, the Company operates an FDA-registered and ISO-certified facility utilizing a proprietary electron-beam cross-linking process to produce ultra-gentle, skin-friendly hydrogel formulations. This technology enables long-lasting, breathable patches that deliver active ingredients through the skin without irritation or the use of chemical cross-linkers—making NEXGEL’s products ideal for wound care, scar treatment, drug delivery, and sensitive-skin cosmetics. The Company’s portfolio includes branded products such as SilverSeal®, MEDAGEL®, TurfGuard®, and Kenkoderm®, as well as white-label manufacturing solutions. NEXGEL also offers contract development and packaging services through its CG Converting & Packaging subsidiary, allowing it to serve a wide range of clients across healthcare and consumer markets. Recent acquisitions, including the Silly George® beauty brand, reflect the Company’s strategic expansion into global personal care. With a scalable infrastructure, proprietary intellectual property (IP), and growing demand across multiple sectors, NEXGEL is well-positioned to lead innovation in topical delivery systems.

KEY POINTS

- **Innovative Hydrogel Technology Platform.** NEXGEL’s proprietary hydrogels provide superior adhesion, breathability, and comfort for wound care, drug delivery, medical devices, and consumer health products.
- **Diversified Business Model.** The Company generates revenue from branded over-the-counter (OTC), private label, and Contract Development and Manufacturing Organization (CDMO) channels, providing flexibility, scale, and reduced market dependence.
- **Integrated cGMP Manufacturing.** NEXGEL’s FDA-compliant facility enables in-house research and development (R&D), production, and rapid innovation with quality control.
- **Expanding IP Portfolio.** The Company holds 17 active patents with additional filings covering formulations, processes, and applications.
- **Strong Growth and Margins.** NEXGEL’s Q1 2025 revenue rose 121% to \$2.81 million, with gross margin improving to 42.4% on greater scale and efficiency.
- **Solid Cash Position.** As of March 31, 2025, NEXGEL had \$1.19 million in cash to support operations and growth toward EBITDA breakeven.

Corporate Overview

NEXGEL, Inc. (“NEXGEL” or “the Company”) is a biotechnology company focused on designing and manufacturing advanced hydrogels with high water content, tailored for applications across medical, consumer health, and cosmetic markets. The Company has formulated over 200 hydrogel combinations, allowing it to tailor delivery systems for a broad range of active ingredients and use cases—from wound healing and scar care to drug delivery and personal wellness. At the heart of NEXGEL’s operations is its FDA-registered and ISO 13485-certified manufacturing facility in Langhorne, Pennsylvania. This vertically integrated site enables the Company to control the full product lifecycle, from research and development to production, packaging, and fulfillment. NEXGEL’s proprietary electron-beam cross-linking technology differentiates its hydrogels from traditional offerings by eliminating the need for harsh chemical binders, resulting in ultra-gentle patches that adhere well and can be worn for extended periods without irritation.

NEXGEL’s proprietary hydrogel technology supports a wide range of applications, including medical devices, custom and white-label products, and its own line of branded consumer offerings. Additionally, through its wholly owned subsidiary, CG Converting and Packaging, the Company offers contract manufacturing services, providing customized hydrogel solutions to third-party clients. Also, NEXGEL develops and markets its own line of branded products, which includes SilverSeal®, MEDAGEL®, Turfguard®, and Kenkoderm®, catering to both medical and consumer wellness markets. This diversified approach allows NEXGEL to generate revenue from multiple streams, enhancing its market resilience and growth potential. The Company has made notable strides in expanding its consumer footprint through strategic acquisitions, including the international beauty brand Silly George®—a specialty eye and eyelash consumer product line—and continues to pursue partnerships to grow its market access.

Medical Device Pipeline

The Company’s medical device pipeline includes a promising portfolio of drug delivery applications that leverage its proprietary hydrogel technology. Two key products in development are a diclofenac patch, designed for short-term pain relief from sprains and bruises, and an apremilast patch, intended to treat autoimmune conditions such as arthritis and psoriasis.

In a pre-clinical study involving 12 human subjects, the apremilast patch showed encouraging results. A separate proof-of-concept study further validated the hydrogel’s potential for pain-related indications, including arthritis and joint discomfort. Compared to existing market options, NEXGEL’s hydrogel-based approach demonstrated enhanced efficacy—offering faster-acting, longer-lasting relief without the mess associated with traditional gels or creams.

Financials

NEXGEL is entering a high-growth phase. In Q1 2025, the Company reported \$2.81 million in revenue, a 121% year-over-year increase, driven by strong performance in both its contract manufacturing and branded product segments. The Company improved its gross margin to 42.4%, up from 12.6% a year earlier, and continues to narrow net losses as it moves toward positive cash flow and long-term profitability.

The Company is focused on scaling operations, optimizing its cost structure, and launching new IP-based products. With a unique combination of proprietary technology, a flexible business model, and expanding market demand for skin-friendly delivery systems, NEXGEL believes that it is well-positioned for continued growth in the transdermal and consumer healthcare segments.

Public Offering and Financial Milestones

On December 22, 2021, NEXGEL completed its initial public offering (IPO) on the NASDAQ exchange under the ticker NXGL, raising capital through the sale of 2,585,000 units at \$5.50 each. The proceeds supported the expansion of R&D, manufacturing scale-up, and strategic acquisitions.

Corporate History and Structure

NEXGEL, Inc. was incorporated on January 13, 2009, in the state of Delaware. Originally operating under the name AquaMed Technologies, Inc., the Company rebranded to NEXGEL, Inc. on November 14, 2019, to better reflect its focus on advanced hydrogel technologies. Headquartered in Langhorne, Pennsylvania, NEXGEL has been developing and manufacturing electron-beam cross-linked hydrogels for over two decades. NEXGEL's 16,500-square-foot cGMP facility (Figure 1) integrates manufacturing, R&D, and converting operations, enabling the Company to create customized hydrogel solutions with precise tolerances and a streamlined, end-to-end customer experience.

Figure 1
STATE-OF-THE-ART MANUFACTURING FACILITY



Source: NEXGEL, Inc.

Core Story

NEXGEL, Inc. (“NEXGEL” or “the Company”) is a biotechnology company specializing in the development and manufacturing of ultra-gentle, high-water-content hydrogels for healthcare and consumer applications. Its offerings include over-the-counter (OTC) medications, wound care, cosmetics, and commercial product applications, emphasizing flexibility, versatility, and superior consumer experience.

Proprietary Hydrogel Technology

NEXGEL’s proprietary hydrogel is engineered using a unique electron-beam cross-linking process that sets it apart in both versatility and skin compatibility. This advanced technology serves as the foundation for the Company’s innovation, enabling the development of high-performance products that are gentle, effective, and adaptable across a range of applications. This advanced method avoids the need for harsh chemical agents, producing ultra-gentle, skin-friendly hydrogels that can be worn for extended periods with minimal to no irritation, which is ideal for medical, cosmetic, and wearable device applications.

The Company’s competitive advantage stems from the combination of high water content (over 95%) and skin-safe adhesion that does not compromise comfort or integrity. Unlike competitors that often rely on strong adhesives, NEXGEL’s hydrogels adhere securely without damaging sensitive skin, making them suitable for long-term use. All of the Company’s products are manufactured in-house at its FDA-registered, cGMP-certified facility in Pennsylvania, ensuring complete control over quality, consistency, and speed to market.

NEXGEL’s hydrogels are uniquely suited for both consumer and medical applications due to their gentle formulation and advanced electron beam cross-linking technology, which avoids the use of harsh chemicals. Combined with a paraben-free formula, this makes NEXGEL patches not only safer for sensitive skin but also the preferred choice for many medical device applications. Their superior adhesion and skin-friendly properties help prevent common issues seen with traditional transdermal devices and dermal interfaces—such as skin irritation, allergic reactions, discomfort, skin tears, and even dermis removal. By minimizing these complications, NEXGEL’s hydrogels reduce the risk of infection and significantly improve patient comfort and satisfaction.

A key advantage of NEXGEL’s platform is its customizability. The Company can infuse its hydrogels with active ingredients such as lidocaine, CBD, or botanicals—capabilities not typically available in off-the-shelf hydrogel solutions. Backed by 17 active patents and additional filings (described on page 12), NEXGEL has secured its innovations across formulations, processes, and application-specific designs.

The Company also operates one of just two state-of-the-art hydrogel manufacturing facilities in North America. The 16,500-square-foot plant features a cutting-edge electron beam accelerator and has successfully processed over 200 active ingredient combinations to date. With production capacity exceeding 1.4 billion units and a high barrier to entry, often taking more than two years for a new facility to become operational, NEXGEL is uniquely positioned to lead in both scalability and technical excellence in a competitive and highly regulated industry.

Product Portfolio

Conventional hydrogels used in medical and consumer applications often come with significant drawbacks. They can be too wet or too dry, difficult to apply, or uncomfortable to wear, all leading to poor adhesion, frequent repositioning, and early replacement. These shortcomings not only increase the risk of infection but also create frustration for both patients and healthcare providers. NEXGEL’s advanced hydrogel technology addresses these challenges with a solution that is more stable, comfortable, and skin-friendly. The Company offers a diverse portfolio that includes both contract manufacturing services and its own line of branded products as shown in Figure 2 (page 5) and described below.

Figure 2
NEXGEL BRANDED PRODUCTS



Source: NEXGEL, Inc.

- **SilverSeal®.** An OTC, FDA-cleared sterile hydrogel patch woven with silver-coated fibers, SilverSeal® is designed to treat minor superficial wounds, minor lacerations, minor abrasions, and minor first degree burns. In Q2 2025, SilverSeal® received Health Canada clearance, supporting international market entry.
- **MEDAGEL®.** A line of hydrogel patches aimed at providing cushioning and preventing blisters, MEDAGEL® offers a comfortable and effective solution for skin protection. These 1” patches are perfect for protecting against friction, chafing, and hotspots, soothing scrapes and burns and softening calloused skin.
- **Turfguard®.** Developed to address turf burns, this product utilizes silver-lined hydrogel technology to provide relief and protection for athletes.
- **Kenkoderm®.** A skincare brand tailored for individuals with sensitive skin and conditions like psoriasis, the Kenkoderm® product line includes shampoo, conditioner, moisturizing cream, and therapeutic bar soaps made with mineral salt and Dead Sea mud.
- **Silly George®.** Silly George is a beauty brand offering easy, at-home lash and brow products, including pop-on lashes that deliver a salon look in minutes. The acquisition (described on the paragraph below) expands NEXGEL’s reach into beauty and allows it to introduce hydrogel patches for under-eye use while tapping into DTC channels for future product launches.

Additionally, NEXGEL has developed a proprietary hydrogel eye patch, showcasing the Company’s commitment to addressing diverse medical needs.

Merger and Acquisition (M&A) Strategy: Consumer Brand Acquisition

As part of its consumer brand strategy, NEXGEL acquired two complementary businesses to expand its skincare and beauty holdings. In December 2023, it acquired Kenkoderm®, a profitable DTC psoriasis care line with six SKUs and strong subscription sales. In May 2024, the Company acquired Silly George, an eye and lash brand whose annual run rate grew from \$2 million to over \$5 million post-acquisition, backed by strong digital reach. Both deals are accretive and create synergies across marketing and supply chain, with strategies in place to support continued growth.

Medical Device Pipeline: Drug Delivery

NEXGEL's medical device pipeline includes multiple drug delivery applications powered by its proprietary hydrogel technology. Two key products in development are a diclofenac patch for short-term pain relief from sprains and bruises, and an apremilast patch aimed at treating autoimmune conditions such as arthritis and psoriasis. Early pre-clinical testing of the apremilast patch in 12 human subjects has shown promising results. A separate proof-of-concept study further supports the platform's potential for pain-related conditions like arthritis and joint pain. Compared to existing treatments, NEXGEL's hydrogel-based patches demonstrated superior efficacy—delivering faster-acting, longer-lasting relief without the mess or inconvenience of traditional gels or creams.

Additional Applications

NEXGEL's hydrogel technology is also being evaluated for a novel safety application in aesthetic medicine: reducing harmful airborne particles generated during laser hair removal. A 30-patient IRB-approved human trial is underway at the Florida Clinical Research Center, designed in accordance with FDA standards to measure the hydrogel's ability to reduce carcinogenic plume exposure. The study's primary endpoint is the reduction of hazardous airborne compounds released during treatment. With data publication expected soon and a commercial launch planned for 2025 upon meeting the endpoint, this application positions NEXGEL at the forefront of procedural safety. The opportunity is timely, as more than a dozen states have enacted laws requiring plume evacuation systems to protect providers and patients from exposure risks.

Strategic Partnerships and Collaborations

NEXGEL has established a range of strategic relationships that enhance its market reach, expand distribution, and validate its hydrogel platform through high-profile partners, described below.

- **Cintas Corporation.** Cintas, a leading provider of uniforms, first aid, and safety products to over one million North American businesses, partnered with NEXGEL to distribute SilverSeal®, the Company's hospital-grade wound and burn dressing. SilverSeal® is now available to Cintas customers across industries including hospitality and public service. The initial order was fulfilled in Q4 2024, with follow-on orders placed in Q1 2025, representing both a growing revenue stream and broader brand exposure for NEXGEL.
- **STADA Arzneimittel AG.** NEXGEL's collaboration with STADA, a European leader in consumer healthcare, supports the expansion of its OTC portfolio and marks STADA's entry into North America. Their first product, Histasolv—Europe's best-selling DAO enzyme supplement—began generating revenue in Q4 2024. An amended agreement includes a second product launch in late 2025 and additional planned launches in 2026.
- **AbbVie.** In October 2023, NEXGEL announced that its subsidiary, CG Converting and Packaging, entered into a supply agreement with AbbVie for hydrogel pads used in a body contouring device. The gel pads incorporate NEXGEL's proprietary hydrogel technology and are intended for use with AbbVie's Rapid Acoustic Pulse device. In Q1 2024, NEXGEL received a \$176,000 non-refundable deposit toward the initial order.
- **Owens & Minor.** In Q4 2024, NEXGEL onboarded Owens & Minor as a contract manufacturing customer. This milestone expanded NEXGEL's footprint in the medical supply chain and contributed to record revenue growth in the quarter.
- **Medtronic.** Medtronic, a global medical device leader, utilizes NEXGEL's hydrogel products for select applications. Due to limited in-house hydrogel capacity, Medtronic sources small gel runs from NEXGEL's FDA-registered, ISO-certified facility in Langhorne, PA. The relationship highlights NEXGEL's manufacturing credibility and appeal to top-tier medical device partners.

Financial Performance and Outlook

NEXGEL has demonstrated significant financial growth in recent periods:

- **Q1 2025.** Revenue in Q1 2025 reached \$2.81 million, marking a 121% increase compared to the same period in the previous year. The gross profit margin improved to 42.4%, up from 12.6% in Q1 2024. The net loss narrowed to \$0.71 million, compared to \$0.85 million in Q1 2024. As of March 31, 2024, the Company's cash totaled \$1.19 million.
- **Full Year 2024.** Revenue totaled \$8.69 million, an increase of 112% compared to 2023. This growth was driven by increased sales in both contract manufacturing and branded products.

NEXGEL's consumer brands have delivered impressive revenue growth with the Company's true strength coming from its advanced hydrogel technology and contract manufacturing capabilities—high-margin, scalable areas that set the foundation for long-term success. With this focus, NEXGEL is well-positioned on its path to profitability. Looking ahead, the Company has stated in its most recent earnings press release (March 24, 2025) that it is targeting at least \$13 million in revenue for full-year 2025 and expects to achieve positive EBITDA during the year.

Manufacturing and Expansion

To support growth, NEXGEL is expanding its manufacturing capabilities and deepening strategic partnerships. The Company holds a 50% ownership stake in a converting and packaging business in Granbury, Texas, home to CG Labs, one of NEXGEL's largest customers (Figure 3). This partnership creates strong synergies, allowing NEXGEL to onboard new finished goods customers and strengthen joint marketing efforts. A recently announced 12,000-square-foot expansion of the Granbury facility includes new automated machinery within a clean room environment. These upgrades are intended to meet growing demand from both strategic partners and NEXGEL's own brands, while improving fulfillment, shipping, and overall efficiency. With current manufacturing utilization below 20%, the Company is well-positioned to scale without significant additional overhead—enhancing both margins and long-term growth potential.

Figure 3
CONVERTING AND PACKAGING FACILITY



Source: NEXGEL, Inc.

Company Leadership

Executive Leadership

Adam Levy – Chief Executive Officer, President, and Director

Mr. Levy has served as NEXGEL's Chief Executive Officer and President since September 10, 2019, and as a member of the Board of Directors since September 9, 2021. He also held the position of Chief Financial Officer from December 31, 2019, until June 1, 2021. Prior to joining NEXGEL, Mr. Levy was an investment banker with Cova Capital and served as President and CEO of Warlock Records Inc., where he successfully led the turnaround of several financially distressed music companies. He brings extensive expertise in consumer products, marketing, television/radio advertising, and direct-to-consumer (DTC) sales.

Joseph F. McGuire – Chief Financial Officer

Mr. McGuire has over 30 years of financial and public company experience to NEXGEL. He has served as Chief Financial Officer for several privately held and publicly traded companies across the healthcare, financial services, investment, and manufacturing industries. Notably, he was a key member of the team that successfully guided a biotechnology company through its IPO, resulting in its listing on the NYSE in July 2022.

Gregory J. Robb – Vice President, Operations

Mr. Robb has of 30 years in the electron beam processing industry. He has spent the last 23 years producing electron beam cross-linked hydrogels. Mr. Robb designed the layout, and coordinated and supervised the construction of the NEXGEL facility.

Scientific Advisory Board

Dr. Jerome Zeldis, Chair

Dr. Zeldis is a seasoned biotech executive and physician-scientist, formerly Chief Medical Officer at both Sorrento Therapeutics and Celgene Corporation. He also served as CEO of Celgene Global Health. He holds an M.D. and Ph.D. from Yale and has trained at UCLA and Harvard. Dr. Zeldis has served on multiple biotech boards and holds 43 U.S. patents with over 120 published papers.

Dr. Leonard Nelson

Dr. Nelson is Co-Director of Pediatric Ophthalmology and Director of the Strabismus Center at Wills Eye Hospital, and Associate Professor at Thomas Jefferson University. He earned his M.D. from Harvard and completed fellowships in pediatric ophthalmology and ocular genetics. He holds an MBA from St. Joseph's University and a biology degree from Columbia. Dr. Nelson has authored over 360 publications, 15 textbooks, and serves as co-editor of the *Journal of Pediatric Ophthalmology and Strabismus*.

Dr. Neil Chesen

Dr. Chesen is a board-certified ophthalmologist and internist with over 30 years of experience in cataract and LASIK surgery. He earned his M.D. from Jefferson Medical College and completed residencies in internal medicine and ophthalmology. He is Chairman of Ophthalmology at Penn State Health St. Joseph and Board Chairman at the Surgical Institute of Reading.

Dr. Stephen Brigido

Dr. Brigido is a foot and ankle surgeon with 17 years of experience in regenerative medicine and product development. He served as Chief of Foot and Ankle at Coordinated Health and directed a leading fellowship program. A Professor of Surgery at Geisinger Commonwealth Medical College, he has authored over 100 publications and holds numerous patents. He is President of the Functional Regeneration Division at Celularity and a founder of several medical ventures. Dr. Brigido earned his DPM from Temple University and BS from Randolph-Macon College.

Dr. Steven Banco

Dr. Banco is a board-certified, fellowship-trained orthopedic spinal surgeon with 14 years of experience. He earned his M.D. from Jefferson Medical College, completed residency at Thomas Jefferson and The Rothman Institute, and a spine fellowship at New England Baptist Hospital. He is President of Keystone Spine and serves on the Editorial Review Board of *Clinical Spine Surgery*. Dr. Banco has authored book chapters and published research in leading orthopedic journals.

Milestones

NEXGEL has achieved a number of key operational and financial milestones, as described below, which highlight its progress in product development, strategic partnerships, and revenue growth.

Recent Milestones

- **Product Pipeline Expansion.** NEXGEL has broadened its hydrogel platform applications from over-the-counter (OTC) wound care products to include medical devices and transdermal drug delivery systems. This strategic diversification positions the Company to address higher-margin markets and differentiated therapeutic needs.
- **Key Partnership Agreements.** The Company signed multiple agreements with life sciences and medical device firms to co-develop or license hydrogel-based products. These partnerships validate NEXGEL's technology and provide capital-efficient pathways to commercialization.
- **Regulatory Progress.** Recent regulatory submissions, including 510(k) applications for next-generation wound care and device-related hydrogel products, mark a meaningful step toward achieving FDA clearance and expanding NEXGEL's clinical and commercial footprint.
- **Manufacturing Enhancements.** Operational improvements were made at the Company's 16,500 sq ft cGMP manufacturing facility in Pennsylvania, including upgrades in process controls and quality systems. These enhancements support scalability for both proprietary products and third-party contract manufacturing.
- **Launch of Contract Manufacturing Services.** NEXGEL formally launched contract manufacturing and private label services for external brands seeking high-quality hydrogel production. This initiative has already resulted in multiple signed agreements and represents a growing, capital-efficient revenue stream.
- **OTC Retail Channel Expansion.** The Company expanded its consumer health product distribution via major e-commerce platforms (including Amazon) and select retail partnerships, helping to increase brand awareness and drive recurring revenue from branded OTC hydrogel products.

Potential Milestones

- **Regulatory Approvals.** Achieving FDA 510(k) clearance for proprietary medical device products would represent a major value inflection point, enabling commercial entry into hospital, clinical, and home care markets.
- **Clinical Data Publications.** NEXGEL plans to support new product lines with clinical trials or observational studies. Positive data could strengthen claims around efficacy, safety, and differentiation—supporting physician adoption and payer coverage.
- **Strategic Partnerships in Drug Delivery.** The Company is actively exploring collaborations in transdermal drug delivery, where its hydrogel platform offers potential advantages in patient compliance and controlled release for pain, dermatology, and hormone-related therapies.
- **Global Market Entry.** Regulatory submissions or commercial partnerships in international markets (e.g., Europe, Canada, and Asia) would open new revenue streams and expand the Company's geographic footprint.
- **Execution and IP Leverage.** Strong execution by management, coupled with the strategic application of NEXGEL's proprietary hydrogel IP, could drive expansion across core business lines, validate the hybrid model, and support long-term valuation growth.
- **Financial Growth and Nasdaq Compliance.** NEXGEL remains in compliance with Nasdaq Capital Market standards, supported by 121% year-over-year revenue growth and improved gross margins in Q1 2025. This momentum positions the Company for increased investor confidence and institutional interest.

Competition

NEXGEL competes in the rapidly evolving and highly fragmented markets of advanced wound care, transdermal drug delivery, and skin-friendly medical adhesives. These sectors are characterized by a mix of global healthcare conglomerates, mid-sized specialty manufacturers, and emerging technology-driven firms. The Company's proprietary hydrogel platform serves as a foundational technology across multiple verticals, including OTC consumer health products, FDA-regulated medical devices, and pharmaceutical delivery systems. This broad application base places NEXGEL in direct competition not only with well-capitalized industry leaders that benefit from entrenched brand recognition and large-scale distribution, but also with innovative material science companies focused on niche solutions for skin-contact materials, controlled-release drug platforms, and advanced wound healing technologies.

Key Competitor Segments

Advanced Wound Care

Firms such as Smith & Nephew, Mölnlycke Health Care, and ConvaTec offer a wide range of wound care solutions, including hydrocolloids, alginates, and foams. While these companies benefit from established distribution networks and clinical data, NEXGEL differentiates through its proprietary hydrogel formulations that offer enhanced cooling, adhesion, and moisture-retention properties.

Transdermal and Drug Delivery

Companies like 3M, Avery Dennison Medical, and LTS Lohmann compete in the transdermal patch space. NEXGEL's hydrogel platform offers a non-irritating, skin-friendly base for drug delivery applications and has potential advantages in extended wear time and comfort.

Contract Manufacturers and Private Label

In the private-label and custom manufacturing space, NEXGEL competes with various smaller contract manufacturing organization (CMOs). However, its in-house research and development (R&D), vertical integration, and current Good Manufacturing Practices (cGMP) manufacturing capabilities provide a competitive edge in speed, customization, and quality control.

Consumer OTC Product

For retail-facing hydrogel products, NEXGEL competes with brands like Band-Aid (Johnson & Johnson) and TheraPearl (Pfizer). While these brands hold notable shelf space and consumer recognition, NEXGEL leverages its innovation speed, direct-to-consumer (DTC) distribution channels, and contract services to gain market share in niche and premium segments.

Competitive Advantages

- Proprietary hydrogel technology with customization potential across multiple applications;
- Vertically integrated cGMP facility, allowing quality control and rapid development;
- Flexible business model with revenue streams in branded products, private label, and contract manufacturing; and
- Strong margin profile from high-value, differentiated product formulations.

Intellectual Property

NEXGEL has developed a strategically valuable intellectual property (IP) portfolio centered around its proprietary hydrogel platform, which serves as the foundation for its innovations in advanced wound care, medical device coatings, transdermal drug delivery, and consumer applications. The Company's IP strategy is focused on securing broad, defensible protections for both core technologies and specialized applications, supporting competitive differentiation and long-term revenue generation.

Current Portfolio Overview

As of 2025, NEXGEL's IP portfolio includes:

- **17 Active U.S. and International Patents.** These patents cover composition of matter, manufacturing processes, application-specific formulations, and integration with pharmaceutical and medical devices.
- **Multiple Patent Families.** The patent portfolio includes distinct patent families that protect key aspects of the Company's technology platform, including:
 - *Hydrogel Formulations.* Covering proprietary blends and polymer structures that deliver superior skin adhesion, moisture control, and biocompatibility.
 - *Electron Beam Cross-Linking Technology.* Patents relating to NEXGEL's use of e-beam technology to create highly stable, sterile hydrogels without chemical cross-linkers (a key advantage in medical and drug delivery use cases).
 - *Transdermal Delivery Systems.* Patents that protect hydrogel-based drug release platforms designed for controlled, sustained delivery of active ingredients such as lidocaine, CBD, or hormones.

Pending Patent Applications. NEXGEL has several patent applications under review, including:

- Drug-device combination products
- Bioactive wound dressings
- Wearable medical sensors using hydrogel interfaces

Strategic Benefits of the IP Portfolio

- **Barrier to Entry.** The proprietary nature of NEXGEL's formulations and processes limits the ability of competitors to replicate its products, particularly in regulated medical and pharmaceutical sectors.
- **Platform Scalability.** The breadth of the IP portfolio allows for modular product development across multiple verticals, from OTC patches to high-value drug delivery systems, without the need to reinvent core technology.
- **Partnership and Licensing Opportunities.** The Company's protected technologies create a foundation for strategic partnerships with pharmaceutical, biotech, and medical device companies. NEXGEL's IP is a critical asset in co-development agreements and white-label manufacturing deals.
- **Regulatory Alignment.** Patent-protected processes, such as electron beam cross-linking, not only enhance product safety but support faster regulatory clearance due to consistent, reproducible manufacturing practices.

Financial Highlights

The following section (Figures 4, 5, and 6) summarizes NEXGEL Inc.'s most recent financial results, based on the Company's quarterly filing dated May 13, 2025.

Figure 4
NEXGEL, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited)
(in thousands, except share and per share data)

	Three Months Ended March 31,	
	2025	2024
Revenues, net	\$ 2,806	\$ 1,266
Cost of revenues	1,618	1,106
Gross margin (loss)	1,188	160
Operating expenses:		
Research and development	1	2
Selling, general and administrative	1,964	1,029
Total operating expenses	1,965	1,031
Loss from operations	(777)	(871)
Other income (expense):		
Interest income (expense), net	(21)	(15)
Changes in fair value of warrant liability and warrant modification expense	91	(53)
Gain on investment in marketable securities	—	34
Other expense	(39)	—
Total other income (expense), net	68	—
Loss before income taxes	(678)	(905)
Income tax expense	—	—
Net loss	(678)	(905)
Less: Income (loss) attributable to non-controlling interest in joint venture	(34)	52
Net loss attributable to NexGel stockholders	\$ (712)	\$ (853)
Net loss per common share - basic	\$ (0.09)	\$ (0.14)
Net loss per common share - diluted	\$ (0.09)	\$ (0.14)
Weighted average shares used in computing net loss per common share - basic	7,645,311	5,982,062
Weighted average shares used in computing net loss per common share - diluted	7,645,311	5,982,062

Source: NEXGEL, Inc.

Figure 5
NEXGEL, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2025 AND DECEMBER 31, 2024
(Unaudited)
(in thousands, except share and per share data)

	March 31, 2025	December 31, 2024
ASSETS:		
Current Assets:		
Cash	\$ 1,192	\$ 1,807
Accounts receivable, net	926	933
Inventory	1,846	1,751
Prepaid expenses and other current assets	776	623
Total current assets	4,740	5,114
Goodwill	1,128	1,128
Intangibles, net	775	807
Property and equipment, net	2,129	2,211
Operating lease - right of use asset	1,570	1,628
Other assets	95	95
Total assets	\$ 10,437	\$ 10,983
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 980	\$ 761
Accounts payable - related party	499	531
Accrued expenses and other current liabilities	334	310
Deferred revenue	286	179
Current portion of note payable	99	97
Warrant liability	28	118
Contingent consideration liability	-	178
Financing lease liability, current portion	59	59
Operating lease liabilities, current portion	234	237
Total current liabilities	2,519	2,470
Operating lease liabilities, net of current portion	1,494	1,538
Financing lease liability, net of current portion	293	307
Notes payable, net of current portion	563	588
Total liabilities	4,869	4,903
Commitments and Contingencies (Note 17)	-	-
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; 7,654,037 and 7,638,497 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively	8	8
Additional paid-in capital	23,909	23,743
Accumulated deficit	(18,708)	(17,996)
Total NexGel stockholders' equity	5,209	5,755
Non-controlling interest in joint venture	359	325
Total stockholders' equity	5,568	6,080
Total liabilities and stockholders' equity	\$ 10,437	\$ 10,983

Source: NEXGEL, Inc.

Figure 6
NEXGEL, Inc.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2025	2024
Operating Activities		
Net loss	\$ (712)	\$ (853)
Adjustments to reconcile net loss to net cash used in operating activities:		
Income (loss) attributable to non-controlling interest in joint venture	34	(52)
Depreciation and amortization	114	62
Share-based compensation and restricted stock vesting	166	54
Gain on investment in marketable securities	—	(34)
Changes in fair value of warrant liability and warrant modification expense	(91)	53
Amortization of right of use asset	12	7
Changes in operating assets and liabilities:		
Accounts receivable, net	7	(106)
Inventory	(95)	(50)
Prepaid expenses and other assets	(153)	64
Accounts payable	219	(75)
Accounts payable – related party	(32)	(105)
Accrued expenses and other current liabilities	24	(287)
Deferred revenue	107	230
Net Cash Used in Operating Activities	<u>(400)</u>	<u>(1,092)</u>
Investing Activities		
Proceeds from sales of marketable securities	—	34
Capital expenditures	—	(152)
Net Cash Used in Investing Activities	<u>—</u>	<u>(118)</u>
Financing Activities		
Proceeds from rights offering, net of expenses	—	946
Payment of contingent consideration	(178)	—
Principal payment on financing lease liability	(14)	(9)
Principal payments of notes payable	(23)	(8)
Net Cash Provided by (Used in) Financing Activities	<u>(215)</u>	<u>929</u>
Net Decrease in Cash	<u>(615)</u>	<u>(281)</u>
Cash – Beginning of period	1,807	2,700
Cash – End of period	<u>\$ 1,192</u>	<u>\$ 2,419</u>
Supplemental Disclosure of Cash Flows Information		
Cash paid during the year for:		
Interest	\$ 18	\$ 10
Taxes	\$ —	\$ —
Supplemental Non-cash Investing and Financing activities		
Property and equipment financed under notes payable	\$ —	\$ 165
Property and equipment financed under financing leases	\$ —	\$ 416

Source: NEXGEL, Inc.

Investment Highlights

- **Proprietary Hydrogel Technology Platform.** NEXGEL's patented hydrogel formulations are engineered for superior skin adhesion, breathability, and moisture balance, making them ideal for a variety of applications that require extended wear, comfort, and biocompatibility. The Company's platform technology serves as the foundation for differentiated solutions in advanced wound care, transdermal drug delivery, wearable medical devices, and premium consumer health products. Its ability to tailor formulations for specific use cases adds significant value for both internal product lines and external development partners.
- **Diversified, Scalable Business Model.** NEXGEL leverages a hybrid commercial model that spans three integrated revenue streams: branded OTC hydrogel products, private label solutions for retail and healthcare channels, and contract development and manufacturing (CDMO) services for third-party customers. This structure enables operational leverage, supports recurring revenue opportunities, and allows the Company to participate in multiple end markets with varying growth dynamics—providing resilience and scalability as it expands its customer base.
- **Strategic Positioning in High-Growth Markets.** The Company operates at the convergence of several fast-growing healthcare segments, including chronic wound care, drug-free pain management, transdermal delivery, and personalized medical technologies. With rising consumer and clinical demand for non-invasive, skin-friendly therapeutic solutions, NEXGEL's hydrogel technology is well-positioned to capture share in underserved and innovation-driven market niches.
- **Vertically Integrated cGMP Manufacturing Facility.** NEXGEL owns and operates a 16,500 sq ft cGMP-compliant facility that supports full-scale formulation, development, and production under FDA-regulated quality systems. This vertical integration allows for rapid prototyping, tight quality control, and efficient scalability for both proprietary and partner products. The in-house infrastructure is a key differentiator that enables the Company to respond quickly to customer needs and accelerate time-to-market for new offerings.
- **Robust and Expanding Intellectual Property Portfolio.** NEXGEL's IP portfolio includes 17 active patents covering its hydrogel compositions, manufacturing processes, and targeted therapeutic and consumer applications. The Company also has patents pending for innovations such as drug-device combinations and smart hydrogel interfaces. This broad IP protection reinforces NEXGEL's market position, supports potential licensing opportunities, and increases its appeal to strategic partners.
- **Experienced Leadership Team with Industry Expertise.** The management team brings decades of experience in life sciences, healthcare manufacturing, product commercialization, and strategic partnerships. Leadership has demonstrated a strong ability to execute operational plans, build cross-functional capabilities, and navigate both regulated and retail markets, which positions the Company well for continued growth.
- **Potential for Strategic Partnerships and Global Expansion.** NEXGEL is actively exploring co-development agreements and licensing opportunities with pharmaceutical, biotech, and medical device companies seeking hydrogel-enabled solutions. Additionally, the Company is preparing for international expansion through regulatory filings and distribution partnerships in key global markets, which could unlock meaningful revenue potential beyond the U.S.
- **Strong Revenue Momentum and Improving Margins.** The Company reported 121% year-over-year revenue growth in Q1 2025, reaching \$2.81 million, alongside a gross margin expansion to 42.4%. These gains reflect growing market traction across its business lines, operational efficiencies from higher throughput, and the pricing strength of its value-added product portfolio. Continued momentum may provide a clear path to cash flow breakeven and long-term profitability.
- **Solid Cash Position Supporting Near-Term Operations.** As of March 31, 2025, NEXGEL had \$1.19 million in cash. Combined with improving margins and a diversified revenue base, this supports its path to positive EBITDA and positions the Company for growth in 2025 and beyond.

Risks and Disclosures

This Executive Informational Summary was prepared by Crystal Research Associates, LLC (“CRA”) using publicly available information and data provided by the Company. CRA has not independently verified the accuracy of all such data. Some statements herein may include forward-looking information as defined by the Private Securities Litigation Reform Act of 1995, and actual results may differ due to risks outlined in NEXGEL’s SEC filings. Information on NEXGEL and its competitors has been summarized for clarity. CRA is not obligated to update this report after publication. CRA has been compensated by KCSA Strategic Communications for research and publication services. This document is for informational purposes only and does not constitute an offer to buy or sell securities. Investors should carefully review the Company’s filings for complete risk disclosures. For more information, contact NEXGEL at (215) 702-8550. Below are key risk categories identified from the Company’s most recent SEC filing and distilled into a two-page investor-focused summary. For more comprehensive details, please refer to the Company’s recent SEC filings.

Regulatory and Product Approval Risk

NEXGEL operates in highly regulated industries, with many of its current and future products subject to oversight by the U.S. Food and Drug Administration (FDA) and international regulatory bodies. Delays in 510(k) clearances, investigational approvals, or compliance with labeling and safety requirements could postpone market entry and affect revenue projections. Additionally, evolving regulatory standards, especially around combination products and drug delivery systems, could increase the time and cost of product development.

Early-Stage Commercial Profile and Profitability Uncertainty

Although the Company has demonstrated accelerating revenue growth, NEXGEL remains in the early stages of commercialization and has not achieved sustainable profitability. Future success will depend on the Company’s ability to scale revenue across its three core channels (OTC, private label, and CDMO) while controlling operational expenses. Inability to achieve positive cash flow could require further capital raises, leading to shareholder dilution.

Customer Concentration and Dependence on Key Accounts

A meaningful portion of NEXGEL’s revenue is currently derived from a limited number of customers or distribution partners. The loss, reduction, or non-renewal of business with one or more of these customers (due to competitive bids, price pressure, or internal shifts in procurement strategy) could have a disproportionate impact on near-term revenue. While the Company is actively diversifying its customer base, concentration risk remains a key consideration.

Competitive Pressures and Technology Substitution Risk

The hydrogel and wound care markets are fragmented and highly competitive. NEXGEL competes with larger, more established players (e.g., Smith & Nephew, ConvaTec, 3M, and others) that possess greater brand awareness, R&D budgets, and global distribution networks. Additionally, emerging technologies—such as hydrocolloids, foams, or silicone-based adhesives—may offer alternative therapeutic or delivery platforms. Without continued investment in R&D and commercialization, NEXGEL’s ability to differentiate and maintain pricing power may erode over time.

Operational and Supply Chain Risks

The Company’s 16,500 sq ft vertically integrated cGMP facility is both a strategic asset and a single point of operational risk. Any unplanned downtime, regulatory non-compliance, or supply chain bottleneck (e.g., shortage of raw materials or packaging components) could delay production, increase costs, or compromise product availability. While management has implemented risk controls and quality systems, manufacturing-related disruptions could materially affect short-term performance.

Intellectual Property (IP) and Legal Risk

NEXGEL’s ability to maintain a competitive advantage depends in part on its intellectual property (IP) portfolio, which includes 17 active patents across key formulations and production methods. However, IP protection can be costly to defend and difficult to enforce, especially internationally. Invalidation of key patents, inability to obtain future patent approvals, or legal disputes alleging infringement could compromise the Company’s ability to protect or monetize its core technologies.

Capital Requirements and Financing Risk

As of March 31, 2025, the Company reported a cash balance of approximately \$1.19 million. While this capital, combined with improving gross margins, supports short-term operations, further funding may be required to support expansion into new markets, regulatory submissions, R&D, and commercialization efforts. If additional financing is not available on favorable terms—or at all—it could restrict growth or force cost-cutting measures. Dilutive equity offerings or unfavorable debt terms could also negatively impact shareholder value.

Limited Market Awareness and Brand Development Challenges

As a relatively young participant in the hydrogel space, NEXGEL still faces the challenge of building brand recognition among healthcare providers, consumers, and strategic partners. Without sustained marketing investment or third-party validation (e.g., clinical studies, endorsements, or key partnerships), the Company may struggle to gain meaningful traction in its target verticals, limiting growth potential.

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Crystal Research Associates is led by Wall Street veterans, Jeffrey Kraws and Karen Goldfarb. Together, Kraws and Goldfarb have built a unique business model, capitalizing on decades of experience as an award-winning sell-side analyst team to produce institutional-quality industry and market research in a manner that is easily understood by investors and consumers. Our firm's approach has been proven successful over the years as our products are published and available on Bloomberg, Thomson Reuters/First Call, Capital IQ, FactSet, Yahoo! Finance, and scores of other popular forums.

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