WBB Securities, LLC

Karen Sterling, PhD, CFA • ksterling@wbbsec.com • (917) 494-8281

Turn Therapeutics, Inc. (NasdaqCM: TTRX) — Initiating Coverage

Initiating Coverage with a Speculative Buy Rating — January 12, 2026

And a 12-month Price Target of $6.15

When Barriers Break Down, Infection and Inflammation May Ensue

Current Price	**$4.62**
12 Month Target Price	**$6.15**
12 Month Trading Range	$2.57-$26.50
Market Capitalization (Mil)	$136.0
Shares Outstanding (Mil)	29.4
Avg. Daily Volume	434,206
L. T. Debt (Mil)	0.0
Dividend/Yield	N/A
Book Value P/S	0.02
NASDAQ Composite	23,702.88
S&P 500	6,966.28

Disclosures – Page 11.

"Beauty is only skin deep," the saying goes, but there's more than aesthetics at stake in a good skincare routine. Skin and nails are our body's physical, mechanical, and immunological barriers to a world teeming with microbes. When lesions develop, no matter how tiny, microbes invade, and a vicious cycle of inflammation, itching, and flaking is liable to follow.

Enter Turn Therapeutics. The Company has produced what we believe to be a well-validated delivery platform to treat diseases of the skin, as well as infectious diseases, based on which it has generated compelling preclinical and clinical data. According to management, Turn's proprietary platform technology enables broad formulation capabilities across multiple therapeutic categories, creating product candidates designed to compete on efficacy, tolerability, usability, and alignment with evolving patient and provider expectations.

In their initial indications, Turn's product candidates target high-burden dermatologic and immunologic conditions, with available data pointing to strong product safety and tolerability. If successful, we believe that the Company's capital-efficient operating model could support scalable growth, with non-dilutive future licensing, milestone, and royalty revenue partially offsetting product development costs.

A newcomer to the public markets in 2025, in our view Turn Therapeutics stock can be expected to benefit from near-term milestones in 2026 and broader visibility as the Company becomes better-known to life science investors.

We are therefore initiating coverage of Turn Therapeutics with a Speculative Buy Rating and a 12-month price target of $6.15.

Valuation

Rating Legend:

Strong Buy – Should be aggressively purchased.
Buy – Should be purchased on market weakness.
Speculative Buy – For aggressive accounts only.
Hold – Fairly valued.
Sell – Stock should be sold on market strength.
Sell Short – Should be aggressively sold.
Core Holding –– Essential holding of a long-term account.

Our thesis regarding TTRX's valuation reflects our belief in Turn's future as not just a therapeutic product company, but also a versatile therapeutics delivery platform for a variety of dermatologic and immunologic conditions. We employ a discounted cash flow model using a 7.5x multiple on terminal (2030) year revenue of $41.5 million, discounted at 10% per year, which yields a 12-month price target of $6.15. While Turn's delivery platform has been validated, significant developmental risk remains, the main factor underlying our Speculative Buy recommendation.

Company Profile

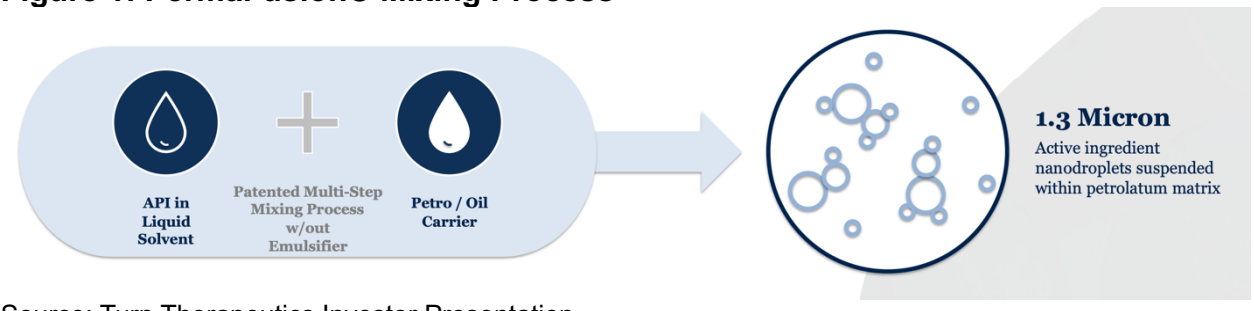
Turn Therapeutics Inc. is a clinical-stage biotechnology company developing drugs to treat inflammatory diseases of the skin as well as infectious disease. According to management, the Company's delivery technology, PermaFusion®, allows active pharmaceutical ingredients to penetrate the skin, nails, and mucous membranes with high bioavailability and low concentration. This approach enhances drug performance while minimizing potentially toxic side effects.

PermaFusion®-based products are applicable to a variety of skin conditions, ranging from acute and chronic wounds to eczema and dermatoses. Turn Therapeutics' proprietary platform has been validated across three FDA-cleared medical devices. Current development programs focus on dermatological diseases, including moderate to severe eczema and toenail fungus.

Incorporated in 2015 and based in Westlake Village, California, the Company was formerly known as Global Health Solutions, Inc and changed its name to Turn Therapeutics Inc. in September 2025. Turn Therapeutics went public via direct listing on Nasdaq on October 8, 2025.

Technology

Figure 1: PermaFusion® Mixing Process



Source: Turn Therapeutics Investor Presentation.

PermaFusion® is a patented, proprietary mixing process that fuses polar, liquid active pharmaceutical ingredient (API) solutions with oil carriers without the use of emulsifiers or binding agents. During the mixing process, liquid active ingredients are dispersed into a petrolatum carrier in the form of nanodroplets with an average size of 1.3 microns. The nanodroplets remain suspended in the petrolatum carrier, retaining their original potency upon delivery to a target. This approach allows for reduced API concentrations while maintaining bioavailability, chemical stability, and dose uniformity, offering a solution to a well-documented limitation in topical and mucosal drug delivery and minimizing side effects.

The platform has broad potential applications across pharmaceutical and medical device categories and underpins Turn Therapeutics' pipeline programs in dermatology, infectious disease, and thermostable vaccines.
While skin and nails are designed to repel water, PermaFusion®'s oil base enables deep penetration to reach disease-causing microbes below the outer tissue layers. When the petrolatum is placed on the skin or nail surface and reaches body temperature, millions of liquid nanodroplets containing active ingredients passively diffuse through the lipid channels between cells of the outer tissue layers to the site of disease. Petrolatum is lipid-based, with its lipid bilayers serving as a passive transport medium for active ingredients. Disease targets on the nailbed or in the dermis or hypodermis can thus be eliminated noninvasively.

PermaFusion® technology constitutes an API-agnostic drug delivery platform that is compatible with any liquid or liquid-soluble API, including live payloads such as viruses and vectors.

The initial formulation, GX-03, suspends certain antimicrobial/anti-inflammatory compounds in petrolatum without known cytotoxicity, irritation or sensitization. GX-03 has been utilized extensively in humans and inhibits signaling via the key inflammatory cytokines IL-36, IL-4, and IL-31, while enabling in vivo nail and tissue penetration with pathogen elimination and other potential therapeutic benefits. The petrolatum base rebuilds damaged skin and moisturizes brittle, split, or peeling nails.

Products

Turn Therapeutics' PermaFusion® delivery platform has been validated across three FDA-cleared medical devices. These products are not presently on the market or generating revenue, as the Company focuses on further development of its core technology. However, some of these products are under license to or in licensing negotiations with development/distribution partners and have the potential to generate milestone and royalty revenues for Turn in the near- to-medium-term.

FDA clearance was received for use of GX-03 in

- Advanced wound management (K160872), a medical device used as a topical dressing to accelerate healing of acute and chronic wounds, FDA-cleared in 2016,
- Dermatitis management (K171191), a prescription topical emulsion used for managing various dry skin conditions and associated itching and burning sensations, FDA-cleared in 2017, and

- Wound care and post-surgical dressing (K183681), a GX-03/Hexagen-impregnated non-adherent antimicrobial oil emulsion sterile gauze, FDA-cleared in 2019.

FDA clearances confirmed GX-03 to be non-cytotoxic, non-sensitizing, and non-irritating per ISO 10993 standards. According to management, GX-03's safety database is backed by over 200,000 uses with no reported adverse events.

Pipeline

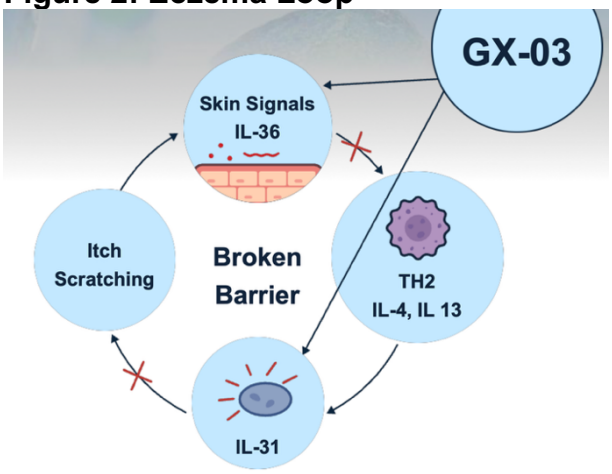
Dermatology and Wound Programs

Turn Therapeutics' primary drug development programs focus on dermatological diseases, including moderate-to-severe eczema and onychomycosis (toenail fungus). The drug candidate is based on GX-03's inclusion of polyhexanide (PHMB), a well-characterized broad-spectrum antimicrobial polymer with strong antiseptic, anti-inflammatory, and immunomodulating properties and no demonstrated systemic uptake. Polyhexanide has not been an active pharmaceutical ingredient in an FDA-approved drug.

Eczema affects 10-20% of children and 2-10% of adults in industrialized countries. 70-90% of eczema patients harbor high numbers of toxin-producing *Staphylococcus aureus* bacteria in their inflamed skin. The bacteria secrete inflammatory proteins that trigger IL-36α signaling by the skin, driving an inflammatory cascade involving Th2 T-cell differentiation followed by IL-4, IL-13, and IL-31 overproduction driving redness, swelling, and itching. Modulating these cytokines can reduce the inflammatory response and improve disease symptoms in atopic dermatitis, eczema, and psoriasis.

GX-03 is the first topical agent to target IL-36 suppression, bypassing common side effects associated with systemic administration.

Figure 2: Eczema Loop



Source: Turn Therapeutics January 2026 Investor Presentation.

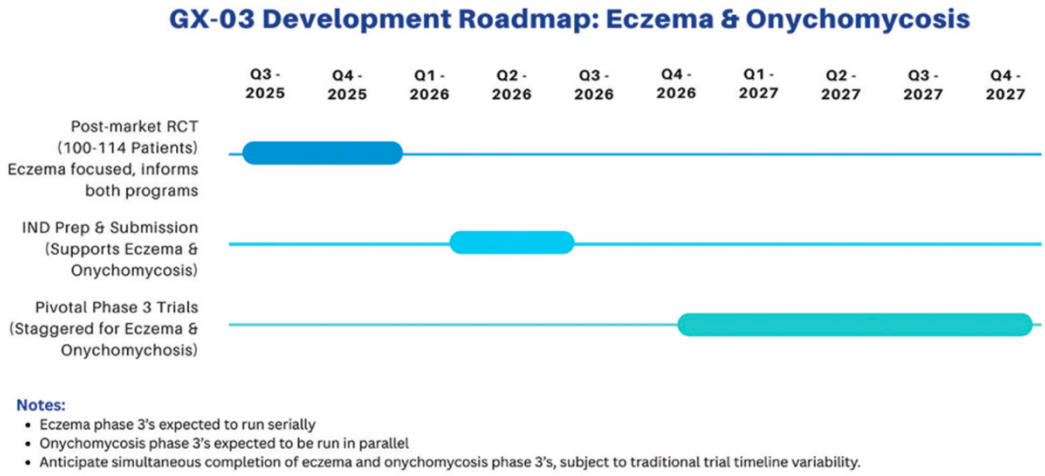
Clinical highlights for GX-03 include:

- Significant inhibition of key cytokines involved in eczema pathophysiology in animal studies, including IL-36α (-50%), IL-36γ (-49%), IL-31 (-68%), and IL-4 (-17%).
- These findings were associated with a 57% reduction in Investigator's Global Assessment (IGA) scores of disease severity within seven days in eczema models, indicating reduced clinical signs of skin inflammation with no reported adverse events.
- Effective penetration of fungal nails and elimination of dermatophytes (mold fungi that feed on keratin) in live toenail fungus models.

GX-03 combines antibacterial, antifungal, and anti-yeast agents for the topical treatment of wounds and dystrophic nails. In eczema, GX-03 operates through multiple mechanisms of action: direct antimicrobial activity against excess inflammatory *S. aureus* bacteria, buildup of the fractured skin mantle, as well as modulation of inflammatory pathways. In prior clinical trials in toenail fungus models, use of GX-03 initiated clinical improvement of the nail plate, with efficacy varying from close to 70% with once-daily application to over 85% with twice-daily application.

The following pharmaceuticals incorporating the core GX-03 formula are currently in development:

Figure 3: GX-03 Development Roadmap



Source: Turn Therapeutics Form S-1, October 9, 2025.

GX-03 for Moderate-to-Severe Eczema

Turn's moderate-to-severe eczema program is currently in Phase 2 development. The 114-120 patient randomized, double-blind, vehicle-controlled clinical trial to evaluate the tolerability and effectiveness of topical GX-03 in adults with moderate-to-severe eczema initiated in July 2025. Patients are being treated over the course of eight weeks, with no safety or tolerability concerns reported to date.

The primary endpoint is the change in eczema area and severity index (EASI) scores from baseline to weeks 4 and 8. Secondary endpoints include changes in Validated Investigator Global Assessment for Atopic Dermatitis and Peak Pruritus Numeric Rating Scale scores over the same period. An interim analysis is anticipated during Q1 2026, followed by a topline data readout during Q2 2026.

Turn Therapeutics expects findings from this study to inform its broader development strategy, including Phase 3 clinical trial design and potential regulatory submissions.

GX-03 for toenail fungus

After submission of an investigational new drug application (IND) to the FDA, planned for Q2/Q3 2026, which will leverage human data from the ongoing eczema study, Turn Therapeutics expects to conduct a Phase 3 clinical trial in the toenail fungus indication in parallel with one or more Phase 3 clinical trials in the eczema indication.

Phase 3 pivotal trials clinical trials in both indications are expected to initiate in late 2026 pending engagement of a CRO partner.

Broader Applications in Preclinical Development: Thermostable Vaccines, Herpes Zoster Ophthalmicus, and Basal Cell Carcinoma

In addition to its dermatology and wound programs, in partnership with a global nonprofit organization, Turn Therapeutics is exploring the development of intranasal vaccines with sufficient thermostability to eliminate the need for frozen storage and, thus, enable deployment and delivery to low-resource settings that do not maintain suitable cold storage infrastructure.

These formulas are intended to be delivered intranasally directly to the site of first contact with many viruses. According to management, the viscous formula is designed to provide extended and predictable contact time, as well as potentially eliminate the need for systemic adjuvants and/or additives to trigger an immune response.

Current live vaccines have shelf lives of 2-6 hours at room temperature and 2-5 days under refrigeration. Petrolatum encapsulation of the nonprofit's live Marburg virus vaccine using Turn's PermaFusion® process has been shown to stabilize the vaccine for over 14 days at room temperature and for 28 days under refrigeration, with 100% recovery of the non-degraded vesicular stomatitis virus (VSV)-based vaccine vector encoding surface glycoproteins specific to the Marburg disease.

To further advance preclinical development, Turn Therapeutics plans to conduct an in vivo physical immunogenicity study in an animal model of the live intranasal Marburg vaccine candidate. Turn expects the vaccine candidate to be eligible for approval under the FDA's Animal Rule pathway, which permits demonstration of efficacy in appropriate animal models when human challenge trials are not ethical or feasible.

Turn is also planning to commence in vitro/in vivo work on a thermostable candidate for influenza in Q1 2026.

In addition to offering operational advantages–particularly for military and emergency response use cases–through more efficient distribution, self-administration in field settings, and reduced reliance on cold-chain logistics compared to injectables, thermostable vaccines could prove useful in clinic, hospital and home-health settings, potentially unlocking therapeutic categories beyond dermatology.

Turn Therapeutics has also completed preclinical, in vivo xenograft studies for herpes zoster ophthalmicus (shingles of the eye) and basal cell carcinoma, using a mildly reformulated version of the GX-03 formula. Results obtained for herpes zoster ophthalmicus showed an 85% reduction in viral load compared to placebo with no adverse events. For the basal cell carcinoma study, the GX-03 formula demonstrated a 29% reduction in tumor size compared to placebo and a 20% reduction compared to 5-Fluorouracil, the standard of care topical chemotherapy for this condition.

Milestones

- Moderate to severe eczema Phase 2 trial: Interim analysis Q1 and Readout Q2 2026
- Moderate to severe eczema pivotal Phase 3 trial initiation: Late 2026
- Polymicrobial nail infection pivotal Phase 3 trial initiation: Late 2026

Licensing Agreements

In December 2022, Turn Therapeutics announced a license and development partnership with **Mimedx Group** (Nasdaq: MDXG) wherein Turn granted Mimedx rights and licenses to its intellectual property, technologies, and biomaterials related to the FleX product, a sterile collagen/GX-03 combination powder for wounds and burns, as well as additional products to be developed using the same IP, technologies, and biomaterials in the fields of wound care, burn care, and surgical care when combined with tissue material. Mimedx is currently finalizing in vivo and in vitro data for FDA review as a medical device under the De Novo pathway. Territories covered under the agreement include the U.S., Australia, Canada, Japan, Kuwait, New Zealand, Saudi Arabia, Singapore, South Korea, Taiwan, and the UAE. Under the agreement, Turn Therapeutics is eligible to receive milestone payments of up to $69.55 million upon successful development and commercialization of FleX, plus mid-single digit royalties on net sales. Such payments could provide significant non-dilutive future funding for Turn's drug development programs.

In October 2025, Turn Therapeutics entered into a global supply, development, and license agreement with **Medline**, the largest provider of medical-surgical products and supply chain solutions serving all points of care. The agreement established a long-term collaboration to develop, manufacture, and commercialize products leveraging Turn's PermaFusion® delivery platform, allowing Turn Therapeutics to focus on product development while leveraging Medline's established sales channels. The terms of the agreement stipulate that financial consideration, product categories, and development timelines remain confidential. Management has indicated that accelerated validation has begun on the first branded product provided by Turn.

Business Model

Designed to preserve capital efficiency and commercial optionality, Turn Therapeutics' growth strategy is built around a dual-path model that focuses on the longer-term value creation of pharmaceutical drug development, supplemented by the near-term revenue potential of medical device partnerships. Turn's pipeline strategy emphasizes regulatory efficiency through shared formulation backbones, allowing for platform extensions across multiple indications and maximizing the efficiency of clinical development investment. In addition to its existing partnerships, the Company continues to explore licensing opportunities for device applications for its antimicrobial gauze and other wound care products, as well as antimicrobial personal care products.

Management

Bradley Burnam, Founder, CEO and Director since October 2018. Mr. Burnam developed PermaFusion®, a patented drug delivery system, to combat his hospital-acquired skin infection. This innovation led to Hexagen™ Wound Dressing, Turn's flagship product. Mr. Burnham, a self-taught regulatory and formulation expert, secured Turn's first three FDA clearances and holds over ten issued patents. He holds a Bachelor of Arts from the University of California, Los Angeles ("UCLA") and a Master of Education from Stanford University.

Zuraiz Chaudhary, Interim Chief Financial Officer since August 2025 and VP of Finance and Chief Accounting Officer since May 2025. Mr. Chaudhary has a public accounting and advisory services background and is a licensed CPA in California and Texas. He specializes in financial reporting, SOX compliance, and internal controls. Prior employment includes roles as Audit Director at SetApart, Audit Manager of UHY LLP, Senior Consultant at CrossCountry Consulting, and Managing Director at BlackStone Consultants. Mr. Chaudhary has a Bachelor of Business Administration (Accounting) from Asia-e University, Malaysia, and has been a member of the Institute of Chartered Accountants of Pakistan since 2021.

Neilesh "Neil" Shailesh Ghodadra, M.D., Chief Medical Officer and Director since October 2018. Dr. Ghodadra is a board-certified orthopedic surgeon specializing in minimally invasive, arthroscopic surgeries of the knee, shoulder, elbow and hip. He holds a Bachelor of Science in Biology and a Doctor of Medicine from Duke University. Dr. Ghodadra completed his residency at Rush Medical Center in Chicago, as well as a Sports Medicine Fellowship during which he served as an associate team physician for the Chicago Bulls and Chicago White Sox. Beyond his clinical practice, he consults with multiple medical companies to develop innovative products.

Muhammad Zubair, Controller. Mr. Zubair has over five years of accounting and finance management experience with medium-sized to publicly traded multinational companies. Mr. Zubair is a member of the Chartered Accountants of Pakistan and holds a master's degree in accounting and finance.

Board of Directors

Andrew Gengos, Director since January 2020. Mr. Gengos is a seasoned finance and strategy executive with over 30 years of experience in the life sciences and biotechnology industries. Currently the CFO for Terns Pharmaceuticals (Nasdaq: TERN) and a director of Seneca Therapeutics, prior roles include CFO and Chief Business Officer at Athira Pharma, CBO at Cytier Therapeutics, CEO of ImmunoCellular and Neuraltus, CFO/CBO at AOBiome, COO at Synlogic, Vice President of Strategy and Corporate Development at Amgen, and Senior Engagement Manager at McKinsey & Company where he was a member of the healthcare practice. He holds a Bachelor of Science in Chemical Engineering from the Massachusetts Institute of Technology and a Master of Business Administration from the UCLA Anderson School of Management.

Arthur Golden, Director since September 2025. Mr. Golden is Senior Counsel at Davis Polk & Wardwell LLP and a 41-year partner of Davis Polk's M&A practice. From 2000 to 2024, Mr. Golden was a director of Emerson Electric. He currently serves as Chairman Emeritus at Rensselaer Polytechnic Institute (RPI). Mr. Golden holds a Bachelor of Science in Mathematics from RPI and a J.D. from the New York University School of Law.

Kent Kester, M.D., Director since September 2025. Since 1997, Dr. Kester has been an active clinician at the University of Maryland Shock Trauma Center in Baltimore. He has also led vaccine research and development as Executive Director at the Coalition for Epidemic Preparedness Innovations (CEPI), since August 2024. Dr. Kester previously held leadership roles at IAVI, Sanofi Pasteur, and the U.S. Army, where he commanded the Walter Reed Army Institute of Research. Dr. Kester holds a Bachelor of Science in Biology from Bucknell University and an M.D. from Jefferson Medical College. He trained in infectious diseases at Walter Reed.

Martin Dewhurst, Director since January 2026. Mr. Dewhurst brings more than 30 years of global leadership experience in life sciences, with a focus on mergers and acquisitions. He spent much of his career at McKinsey & Company, where he co-led the firm's global life sciences practice and co-founded and led the McKinsey Health Institute, a nonprofit organization. He also serves as senior advisor to PJT Partners, external partner to Lightrock, and holds other board positions. Mr. Dewhurst earned his undergraduate degree from Magdalen College, University of Oxford and holds an MBA from INSEAD.

Risks

In addition to risks normally encountered by development-stage pharmaceutical companies, the following risks relate to products, programs and operations that are relevant to TTRX:

Need for development capital. *Financing agreements that Turn Therapeutics may enter into are likely to lead to increased dilution. The existing GEM Share Purchase Agreement, pursuant to which GEM agreed to purchase up to $85.0 million in shares of TTRX common stock at a price equal to 90% of the average daily closing price over the 15 consecutive trading days beginning on the date of such drawdown, is one example of such an agreement, but may not be sufficient to meet all future capital needs.*

***Reliance on third party contractors**. Completion of Turn Therapeutics' clinical trials will depend upon the performance of third-party contract research organizations, as well as the ability of one or more contract manufacturing organizations to develop, validate, and maintain commercially viable manufacturing processes compliant with current Good Manufacturing Practice (cGMP) that yield sufficient supplies of the Company's products, product candidates, and medical devices.*
***Supply chain disruptions**. For some of its products, Turn Therapeutics obtains raw materials from a single supplier, increasing the risk of supply chain disruptions.*

***Intellectual property dispute**. In 2017, Turn Therapeutics filed a derivation proceeding before the U.S. Patent and Trademark Office (USPTO) against Marc Selner, alleging that Selner improperly and without authorization filed a patent application for an invention conceived by Turn's CEO, Bradley Burnam, and requesting that the USPTO name Mr. Burnam sole inventor of or cancel Selner's patent application. The suit was unsuccessful; however, Turn owns multiple issued patents for which Mr. Burnam is an inventor that cover the invention at issue in the derivation proceeding. Should Selner's patent application ultimately issue as a patent, he may attempt to seek royalties or try to prevent Turn's development and commercialization of Hexagen and products that contain Hexagen or seek damages from Turn Therapeutics.*

***Limited market liquidity**. Since going public on Nasdaq, fewer than 100,000 TTRX shares have traded on the majority of trading days, providing investors with limited liquidity and heightened risk of share price volatility.*

***Concentration of voting power**. As of June 30, 2025, Turn Therapeutics' founder, Bradley Burnam, owned or controlled approximately 52% of the combined voting power of the outstanding common stock on a fully diluted basis, giving him control over the outcome of matters submitted to shareholders for approval, including the election of directors. In addition, so long as he holds at least 10% of outstanding common stock, Burnam has approval rights over certain corporate actions.*

Historical and Future EPS Performance

EPS	2025	2026	2027
Q1	(0.01)A	(0.03)E	(0.05)E
Q2	(0.05)A	(0.03)E	(0.11)E
Q3	(0.07)A	(0.04)E	(0.08)E
Q4	(0.04)E	(0.03)E	(0.12)E
Year	(0.16)E	(0.12)E	(0.36)E
P/E	NM	NM	NM
EPS Growth	NM	NM	NM
FY Rev. (Mil)	$0E	$0.4E	$5.1E
FY:DEC			

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	Percentage of Covered Securities	Percentage of Banking Clients
Buy	93%	15.4%
Hold	0%	0%
Sell	7%	0%

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