Processa Pharmaceuticals

(Formerly Promet Therapeutics, LLC)

Developing Products to Improve the Survival and/or Quality of Life for Patients Who Have a High Unmet Medical Need

Patrick Lin
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&
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CEO and Interim CFO
www.processapharma.com

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Disclaimer: Forward Looking Statements

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Processa Pharmaceuticals

Processa Highlights To Maximize ROI

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  - Have the Potential for a Maximum Annual Gross Sales > $1.9B
  - Hope to Improve the Quality of Life of Patients with an Unmet Medical Need
  - Have Demonstrated Some Level of Efficacy in the Targeted Indication

- **We have an Experienced Team of Drug Developers, Pharma Executives, Biotech Investors**

- **We have a Drug Product Portfolio in which**
  - Each Drug May be Out-licensed 2-4 Years after Acquisition when the Phase 2b or Phase 3 Study is Completed
  - Plans Exist to Expand the Portfolio in 2018 and Future Years

- **We have a Market Capitalization of > $100M (OTCMKTS:PCSA) and Are Raising a $2.5M Minimum PIPE with an additional $1.5M directed to the NL Phase 2 study at a $80M Pre-Money Valuation (Less than Present Risk Adjusted NPV)**

Processa Pharmaceuticals

Processa Pharmaceuticals Financial Overview

Symbol-Share Price **as of 1/26/18**	PCSA - $4.10*
Headquarters	Hanover, MD
Market Cap **as of 1/26/18**	$144.6M
Shares Outstanding	35.3M*
Cash **as of 1/26/18**	$2.88M
Insider Ownership %	76.1%

* Post 1 for 7 Reverse Split on 12/8/17

- October 4, 2017: Promet Therapeutics, LLC signs Option & License Agreement with CoNCERT Pharmaceuticals (on 1/26/18 CNCE: $20.91, MKT Cap $476M)
- October 4, 2017: Asset purchase of Promet closed to create Processa Pharmaceuticals, Inc.
- November 21, 2017: $2.58M Mandatory Convertible Bridge Closed
- December 2017: PIPE financing underway at $80 M valuation
- January 2018: Expect to exercise option on CoNCERT licensing for $8M of equity in Processa at market value, 15% of sublicensing fees to Processa if sublicensed prior to raising $8M, 4% - 10% backend royalties
- January 2018: $1.0M PIPE commitment & $1.5M commitment to fund Phase 2 NL Study
- 2018: Plan to uplist to NASDAQ CM or NYSE MKT

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Summary of PIPE Offering

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Amount:	1) $2.5M Minimum PIPE + $1.5M Directed to Phase 2 NL Study 2) $8.0M Maximum PIPE + $1.5M Directed to Phase 2 NL Study
Price Per Share:	$2.27 (Total Shares of 35.3M after 1 for 7 Reverse Split)
Pre-Money Valuation:	$80M Pre-Money Equity Valuation Discounted from Risk Adjusted NPV Estimate of $120M - 400M and Market Capitalization
Target Closing Date:	February 21, 2018

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Requirements to Successfully Develop Drugs

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Our Success in Drug Development

- **We Have an Established and Proven Executive Team with More Than 20 Years of Biotech Management Experience**
  - Our CEO was a Former Board Member and Chief Science Officer (CSO) at Questcor Pharmaceuticals. Questcor's Equity Market Capitalization increased from $15M in 2007 to $5.6B in 2014 with the Mallinckrodt acquisition during his tenure (370x increase in 7years
- **Development Team Has Had Experience in Obtaining Drug Approvals at the FDA**
  - More Than 25 years of Experience Developing Drugs
  - More Than Over 30+ FDA Approvals prior to Processa
  - Participated in More Than 100 FDA Meetings
  - Our CEO Trained FDA Reviewers, Collaborated with FDA on 4 FDA Guidances, and, as a Committee Member and Sponsor, was an active participant in a number of FDA Advisory Committee Meetings

Processa Pharmaceuticals

OUR LEADERSHIP

- **David Young, Pharm.D., Ph.D., CEO and Interim CFO**
  - Former Board Member, CSO of Questcor Pharmaceuticals ~$15M Market Cap to $5.6B in 7 Yearss
  - Former President, AGI Therapeutics; Founder & CEO, GloboMax
  - Former Instructor of FDA Reviewers and FDA Advisory Committee Member
- **Patrick Lin, Chief Business and Strategy Officer**
  - 20 Years Financing and Investing Experience in Biopharma Sector; Principal/Founder Primarius Capital,
  - Former E*Offering Co-Founder Growing Company to 200 Employees & $80M Rev. During 1st Year
  - Former Robertson Stephens & Co. Principal with >500 IPO & Follow-On Offerings
- **Sian Bigora, Pharm.D., Chief Development Officer**
  - Former VP of Regulatory Affairs at Mallinckrodt, Questcor Pharmaceuticals, AGI Therapeutics, ICON, GloboMax
  - Former Instructor of FDA Reviewers
- **Helen Pentikis, Ph.D., Interim Chief Scientific Officer**
  - Founder of Symbiomix Therapeutics, a venture backed, late stage company acquired by Lupin Pharmaceuticals
  - Former Head of Clinical Pharmacology at AkaRx; Global VP of PK-PD at ICON; VP of PK at GloboMax.
  - Fellow in PK and Clinical Pharmacology at the FDA
- **Wendy Guy, Chief Administrative Officer**
  - Former Senior Manager in Business Operations at Questcor, AGI Therapeutics, ICON, GloboMax with 20 Years Experience in Corporate Management, HR and Finance

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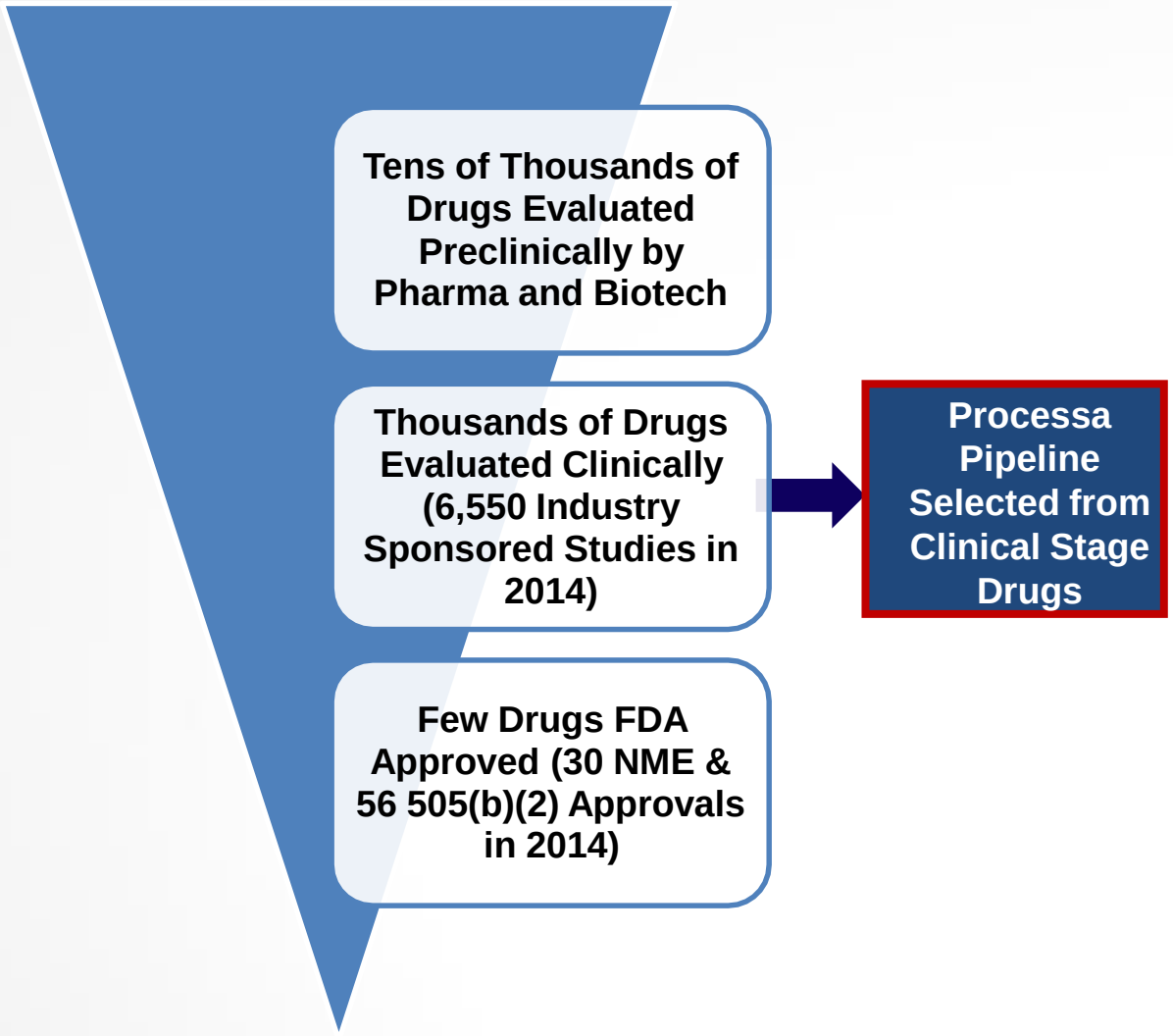
Major Criteria for Selecting Pipeline Products for Development



- ✓ **Pharmacology Aligns** with Pathophysiology Associated with Unmet Medical Need Condition
- ✓ **Clinical POC Data Exists** for Drug or Analog
- ✓ **Minimal Risk in FDA Acceptance of IND and Development Program** (e.g., Already Evaluated Clinically in Different Target Population)
- ✓ **Out-License 2-4 Years After Acquiring Products**
  - After Phase 2 Dose Ranging Study & Before Pivotal for NDA Program > $100M and > 7 Yrs
  - After Phase 3 Study for NDA Programs < $75M and Phase 3 can be Completed within 4 Years
- ✓ **Attractive ROI** (e.g., In-Licensing Value, Timeline, Development Cost)

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PCS499: Diverse Pharmacology may be Useful for Two Indications

- **PCS499 has Multiple Pharmacological Targets and is the Analog of a Major Metabolite of an Approved Drug**
  - Modulates Immune Cells (e.g., Neutrophils) and Cytokines (e.g., TNFα)
  - Decreases Blood Viscosity, Increase Blood Oxygenation, Decreases Platelet Aggregation
  - Anti-Fibrotic Effect
- **Previous Evaluation of PCS499 in Diabetic Nephropathy (Processa Not Pursuing This Indication)**
  - FDA Approved IND, Phase 1 and 2 Studies Complete, FDA Recommended a Higher Dose
  - Safe in Humans and Ready to Be Administered to Patients with Other Conditions
- **Processa Pipeline for PCS499 Includes Two Unmet Medical Needs**
  - Necrobiosis Lipoidica (NL)
  - Radiation Therapy Adverse Effects in Oncology (RTAE)

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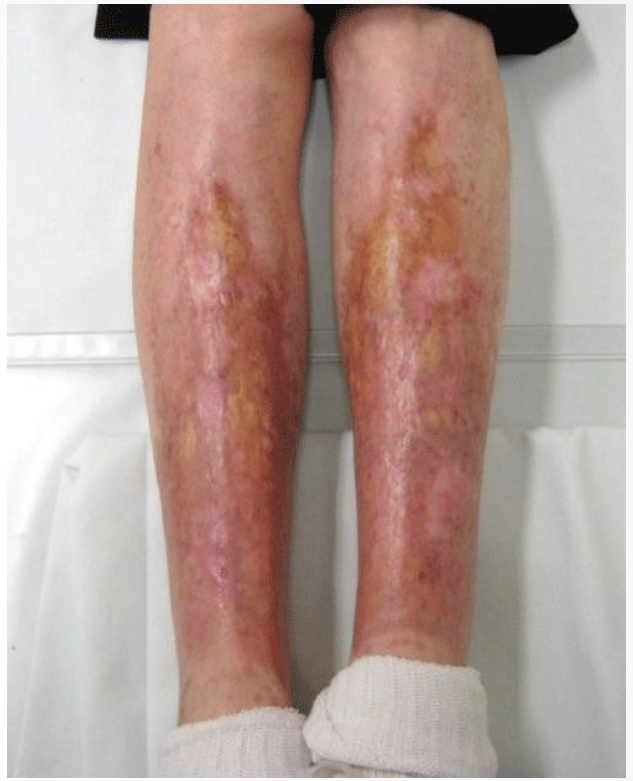
PCS499: Treat Necrobiosis Lipoidica (NL) - No Approved Treatment

- Inflammatory Site Disorder with Pathophysiology Involving the Immune System, Blood, and Tissue Oxygenation
- Skin Becomes Necrotic; 30% of Patients Have Painful Ulcerations
- Potential to Last for Month or Years
- Complications: Infections, Amputation, Squamous Cell Cancer
- No Current FDA Approved Treatment; Dermatologists Are Mainly Using Topical Steroids with Poor Long Term Response; Some Dermatologists Use Other Products with Mixed Results



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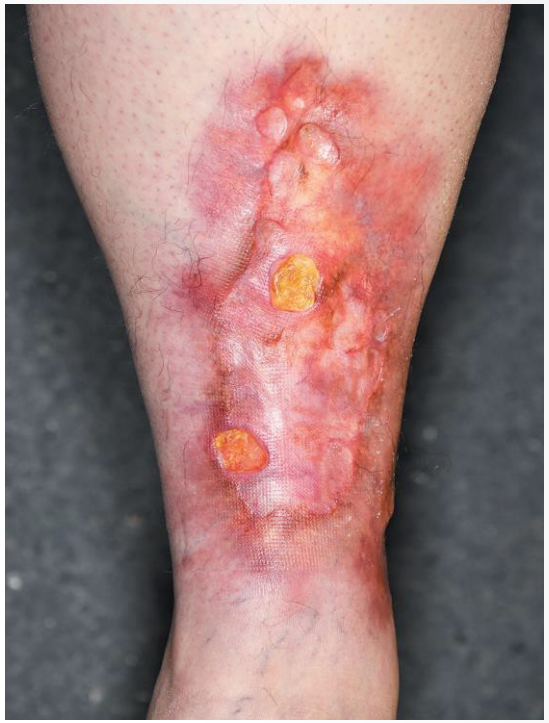
PCS499: Treat Necrobiosis Lipoidica (NL) - No Approved Treatment

- Evidence of PCS499 Efficacy in Patients with NL
  - Diverse Pharmacology Targets Mixed Pathophysiological Changes Associated with NL
  - Some Dermatologists Use a Drug with Similar Pharmacology but Have Mixed Results (Dose Probably Too Low But Unable to Give Higher Doses Because of Adverse Events)
  - PCS499 and PCS499 Metabolite Profile Likely to Improve Efficacy/Safety over Drugs Presently Used



- **Target Population 200,000 – 500,000** Patients in High Sociodemographic Index (SDI) Countries (74,000-185,000 in US)

- Anticipate Orphan Drug Designation

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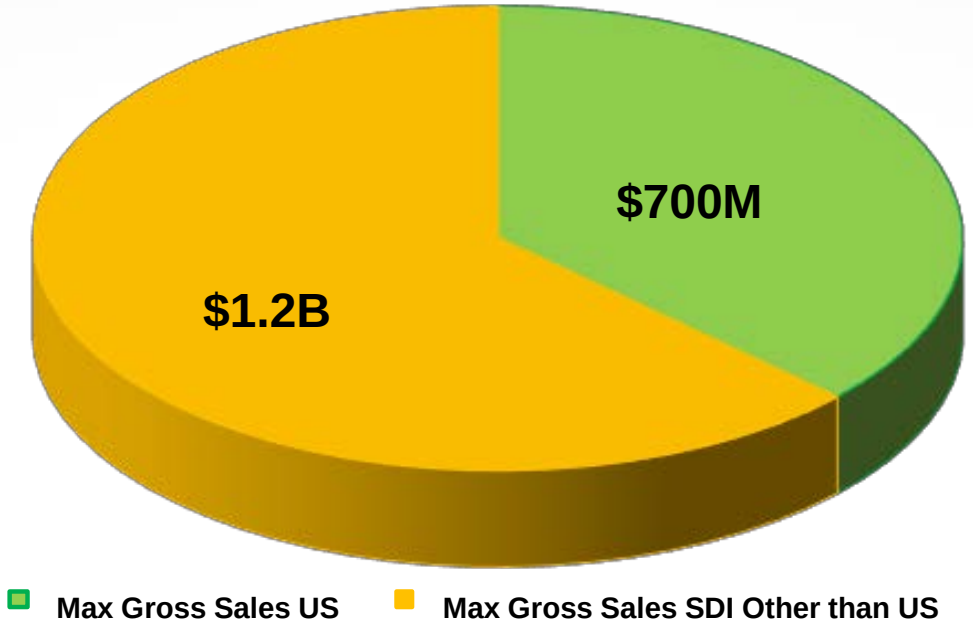
Market Opportunity Based on Average Prevalence, 40% Market Penetration

Necrobiosis Lipoidica (NL)
$1.9B Max Gross Sales Based on Average Prevalence in All SDI Countries



Target Population 200,000 – 500,000 Patients in High Sociodemographic Index (SDI) Countries (74,000-185,000 in US)
(Range of Max Gross Sales Based on Prevalence Range: $1.1B - $2.7B SDI Countries, $400M – $1.0B in US)

Source: Muller SA, et al. Arch Dermatol. 1966; Jockenhöfer F, et al, J Dtsch Dermatol Ges. 2016; Company

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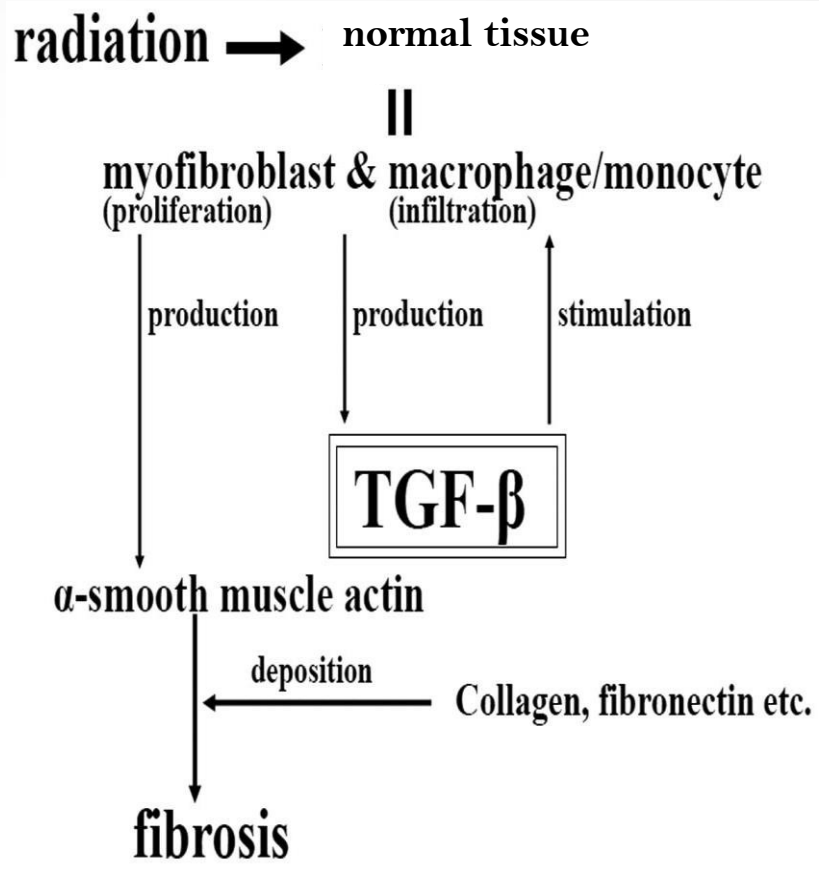
PCS499: Treat Adverse Effects Associated with Radiation Therapy (RTAE) in Head/Neck Cancer – No Approved Treatment

- Patients with Head/Neck Cancer Receiving Radiation Therapy (RT) Often Have Progressive Fibrotic Tissue Sclerosis and/or Xerostomia from Normal Tissue Being Exposed to Radiation
- Normal Tissue Continues to Change from Months - Years after RT
- No FDA Approved Treatment; Radiation Oncologists Do Not Have a Standard of Care and Use a Variety of Drug Products to Treat Various Symptoms



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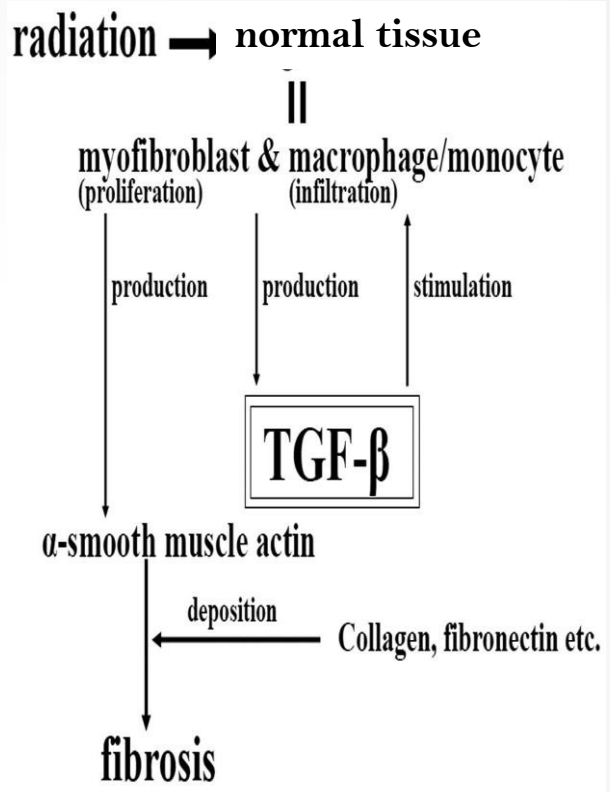
PCS499: Treat Adverse Effects Associated with Radiation Therapy (RTAE) in Head/Neck Cancer – No Approved Treatment

- Evidence of PCS499 Efficacy In Patients with RTAE
  - Diverse Pharmacology Targets Mixed Pathophysiological Changes Associated with RTAE
  - Some Radiation Oncologists Use a Drug with Similar Pharmacology but Have Mixed Results (Dose Probably Too Low But Unable to Give Higher Doses Because of Adverse Events)
  - PCS499 and PCS499 Metabolite Profile May Improve Efficacy/Safety over Drugs Presently Used
- **Target Population 76,000 – 184,000** Patients in High Sociodemographic Index (SDI) Countries (26,000 – 52,000 in US)
- PCS499 Efficacy in Treating RTAE in Head/Neck Cancer May Open Up More Opportunities to Treat Other Types of Radiation Treated Cancer
- We Anticipate Orphan Drug Designation



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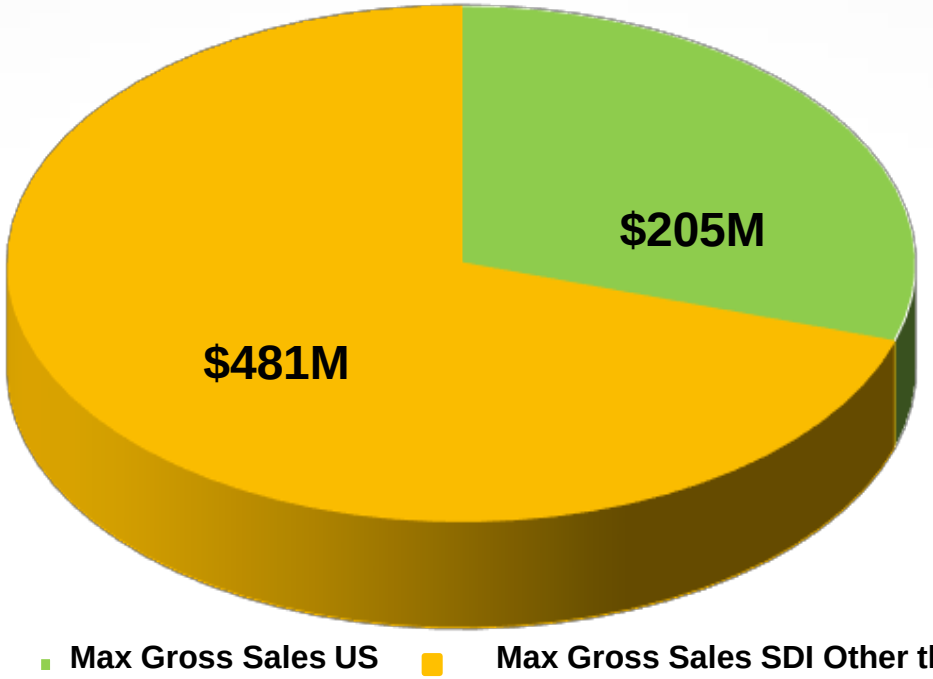
Market Opportunity Based on Average Prevalence, 40% Market Penetration

Radiation Related Adverse Effects in Head/Neck Cancer
$686M Max Gross Sales Based on Average Prevalence in All SDI Countries



Target Population 76,000 – 184,000 Patients in High Sociodemographic Index (SDI) Countries (26,000 – 52,000 in US)
(Range of Max Gross Sales Based on Prevalence Range: $400M – $972M SDI Countries, $137M – $274M in US)

Source: Siegel, et al. CA Cancer J Clin. 2017; Global Burden of Disease Cancer Collaboration. JAMA Oncol. 2017; Company

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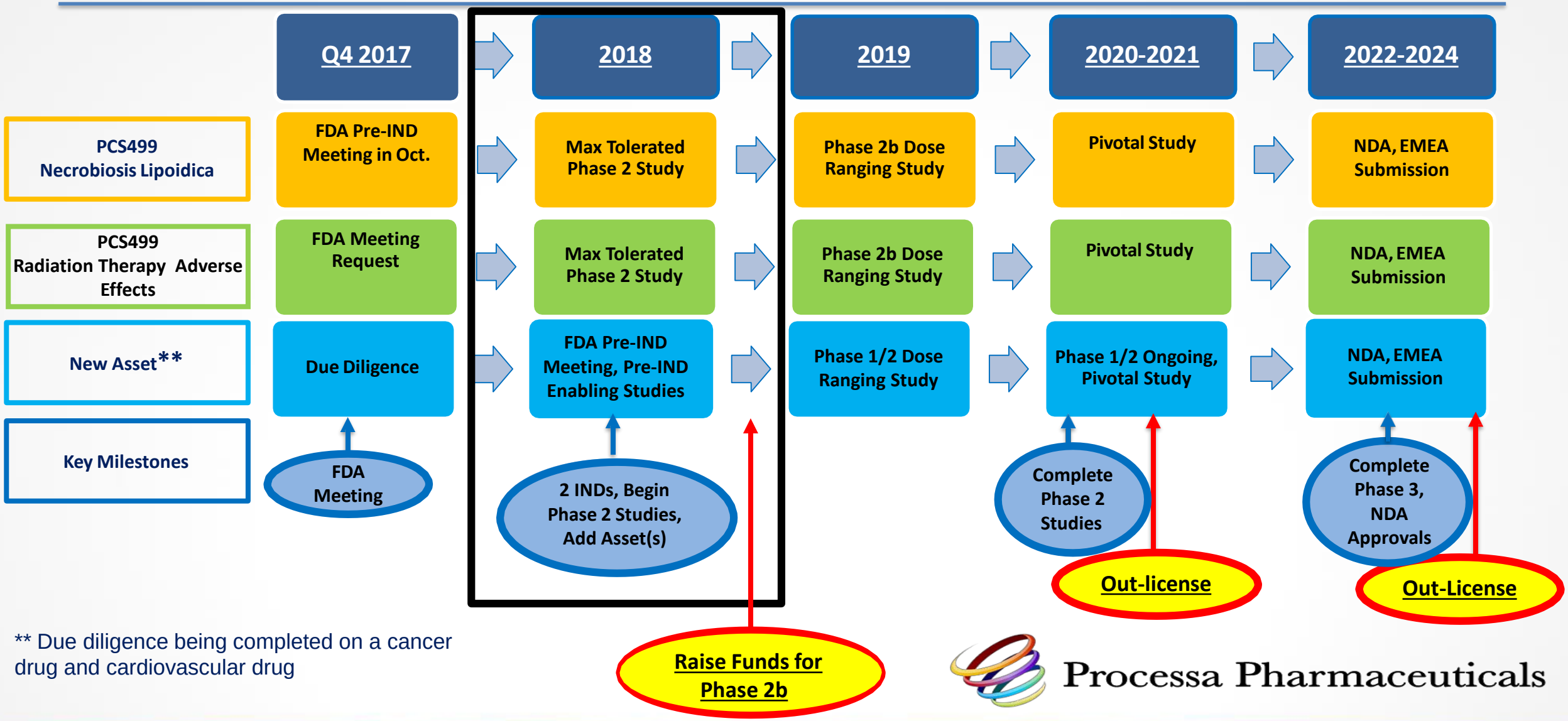
Portfolio and Anticipated Pipeline Timeline with Key Milestones



** Due diligence being completed on a cancer drug and cardiovascular drug

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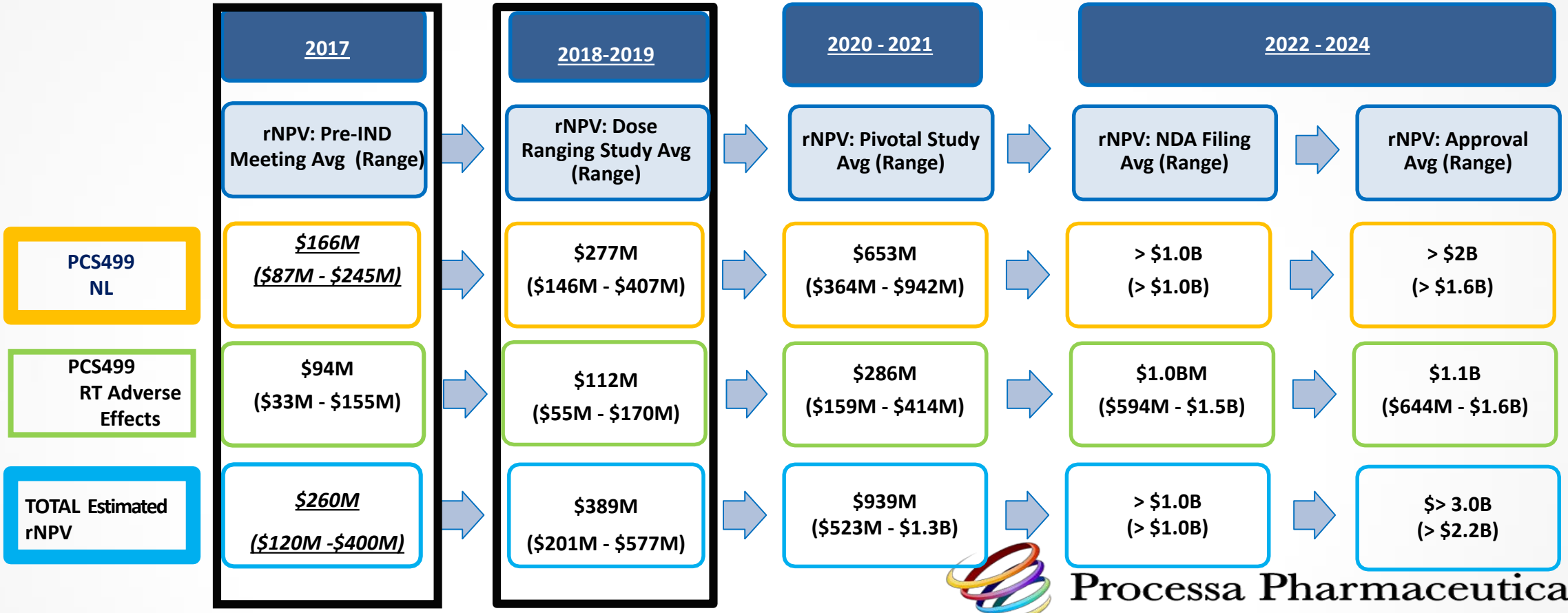
rNPV Estimate for Only NL and RTAE by Clinical Milestone

Valuation Estimates Based on:

- PCS499 Stage of Development for 2 Indications ; Team Experience and Past Successes
- $10,000 Gross Sales per Year per Patient Today, Prevalence numbers in Previous Slides, 40% Market Penetration
- Risk Adjusted Net Present Value (rNPV) of PCS499 in High SDI Countries



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