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

LD MICRO
10TH ANNUAL MAIN EVENT
DECEMBER 5TH, 6TH & 7TH 2017

Patrick Lin
Chief Business and Strategy Officer
&
David Young, Pharm.D., Ph.D.
CEO and Interim CFO

March 2018

Disclaimer: Forward Looking Statements

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Processa Pharmaceuticals

Processa Pharmaceuticals Highlights

- **Clinical Stage** Drug Development Company – Our focus is Phase 2 on
- **Treat High Unmet Medical** Need – **Existing POC Clinical Data** Exists for Structural Analog
- **Experienced Team** of Drug Developers, Pharma Executives, Biotech Investors
- **Collaborate and Negotiate** with FDA Using a FDA Regulatory Science Approach
- **2 - 4 Year Outcome** for Each Pipeline Product (Out-Licensing or Pivotal Study Completed)
- **Portfolio to be Expanded** in 2018

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Processa Pharmaceuticals Financial Overview

Symbol-Share Price:	PCSA - $4.25*
Headquarters	Hanover, MD
Market Cap **as of 3/9/2018**	$149.9M
Shares Outstanding	35.3M*
Cash **As of 11/27/17**	$3.0M
Insider Ownership %	76.1%

* Post 1 for 7 Reverse Split

Summary of Salient Points

- October 4, 2017: Promet Therapeutics, LLC signs Option & License Agreement with CoNCERT Pharmaceuticals (CNCE: $22.93)
- October 4, 2017: Asset purchase of Promet closed to create Processa Pharmaceuticals, Inc.
- December 2017: Licensing Option to be exercised in exchange for equity in Processa plus 6% - 8% backend royalties on net sales
- March 2018: PIPE financing currently underway at $80M valuation
- 2018: Plan to uplist to NASDAQ CM or NYSE MKT

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Summary of PIPE Offering

KEY TERMS

Financing:	PIPE
Exemption:	Reg D, 506c
Security:	Common Stock and 100% Warrants
Amount:	$8 Million Covers Phase 2 Max. Tolerated Dose Trials for 2 Indications + 2 Years OpEx
Price Per Share:	$2.25
Pre-Money Valuation:	$80M Pre-Money Valuation Discounted from Total rNPV Valuation of $120M - $400M*^
Target Closing Date:	1Q2018

*$80M Pre-Money Valuation ≈ High rNPV for NL in US ≈ Low rNPV for NL in SDI ≈ 70% Discount on the Average Total rNPV

^Source: Company

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We Know How to Succeed in Drug Development

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Our People Lead to Success

We Know The Way To The FDA

- **Established and Proven Executive Team with Over 20+ Years of Biotech Management Experience**
  - Most Recently Helped Transform Questcor Pharmaceuticals from $15M in 2007 to $5.6B Market Cap in 2014 in Mallinckrodt acquisition (370x increase in 7 years)
- **Development Team Knows the Process to Obtain Drug Approvals with Proven Track Record**
  - Over 25 Years of Experience Developing Drugs
  - Over 30+ FDA Approvals
  - 100+ FDA Meetings
  - Trained FDA Reviewers
  - Worked on 3 FDA Guidance's with FDA
  - FDA Advisory Committee Involvement as a Committee Member and Sponsor

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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 yrs
  - 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, Focused on Small Cap with numerous $3B+ Mkt Cap Winners
  - Former E*Offering Co-Founder Growing Company to 200 Employees & $80M Rev. During 1st Year
  - Former Robertson Stephens & Co. Principal with >500 Successful IPO & Follow-On Offerings
- **Sian Bigora, Pharm.D., Chief Development Officer**
  - Former VP, Regulatory Affairs at Mallinckrodt, Questcor Pharmaceuticals, AGI Therapeutics, GloboMax
  - Former Instructor of FDA Reviewers
- **Wendy Guy, Chief Administrative Officer**
  - Former Senior Manager in Business Operations at Questcor, AGI Therapeutics, GloboMax with 20 Years Experience in Corporate Management, HR and Finance

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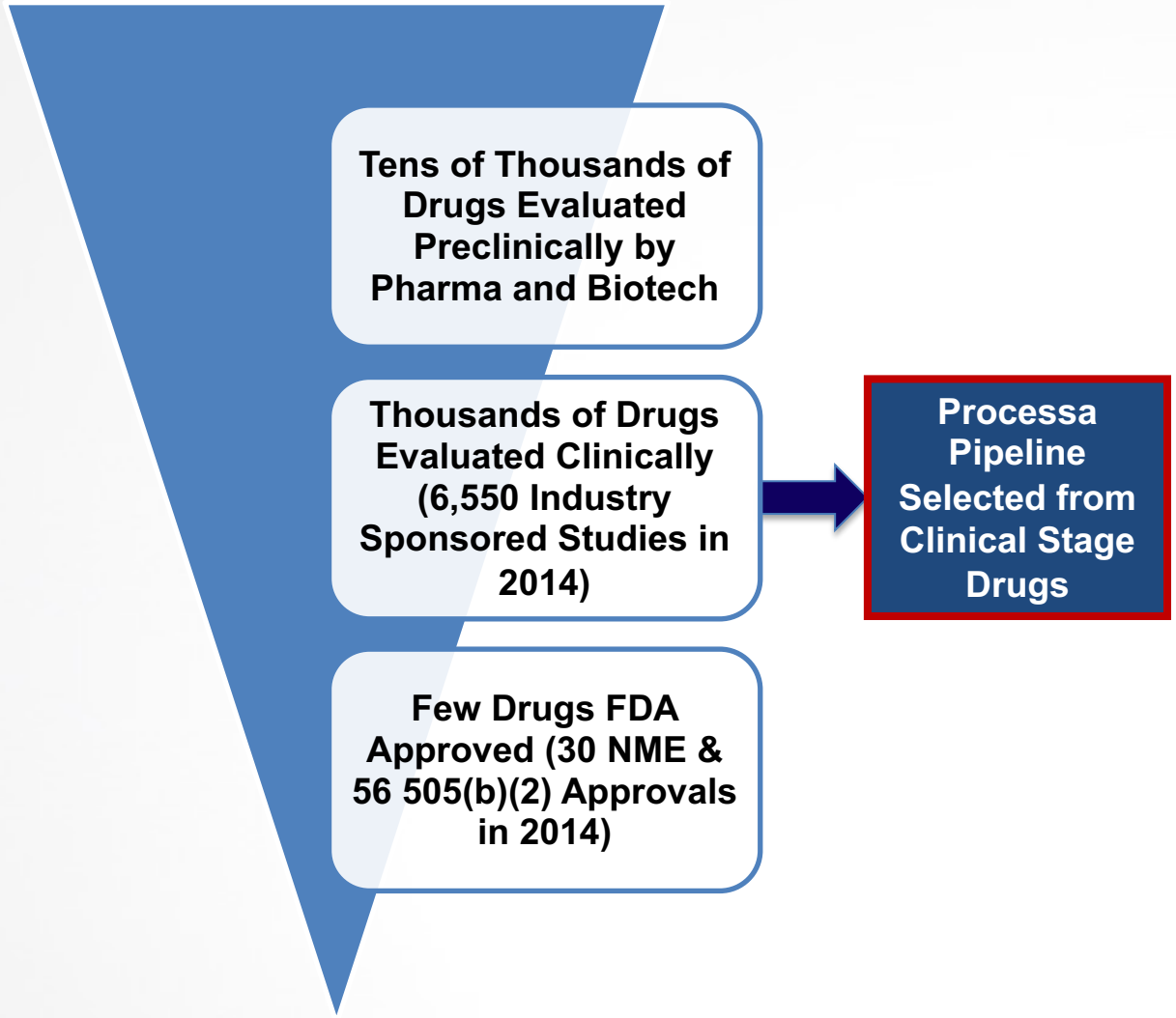
Major Criteria for Selecting Pipeline Products for Development



- ✓ **Pharmacology Aligns** with Pathophysiology
- ✓ **Clinical POC Data Exists** for Drug or Analog
- ✓ **Minimal Risk in FDA Acceptance of IND and Development Program** (Often Already Evaluated Clinically in Different Target Population; If CMC/Tox Work Required, Not Extensive)
- ✓ Products Requiring a NDA Program ≥ $100M & ≥ 7 Yrs, **Out-License 2-4 Years After Acquiring (After Dose Ranging, Before Pivotal Study)**
- ✓ Products Requiring a NDA Program ≤ $75M & ≤ 6 Yrs, **Pivotal Completed in 3-4 Yrs, Possibly Develop to NDA**
- ✓ **Attractive ROI** (e.g., In-Licensing, Development Cost, Timeline, rNPV)

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PCS499 Diverse Pharmacology Useful for Two Indications

PCS499 has Multiple Pharmacological Targets & is the Analog of a Major Metabolite of an Approved Drug

- Modulates Immune Cells (e.g., Neutrophils) and Cytokines (e.g., TNFα)
- Effects Blood Viscosity & Oxygenation, 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 Need Conditions

- Necrobiosis Lipoidica (NL)
- Radiation Therapy Adverse Effects in Oncology (RTAE)

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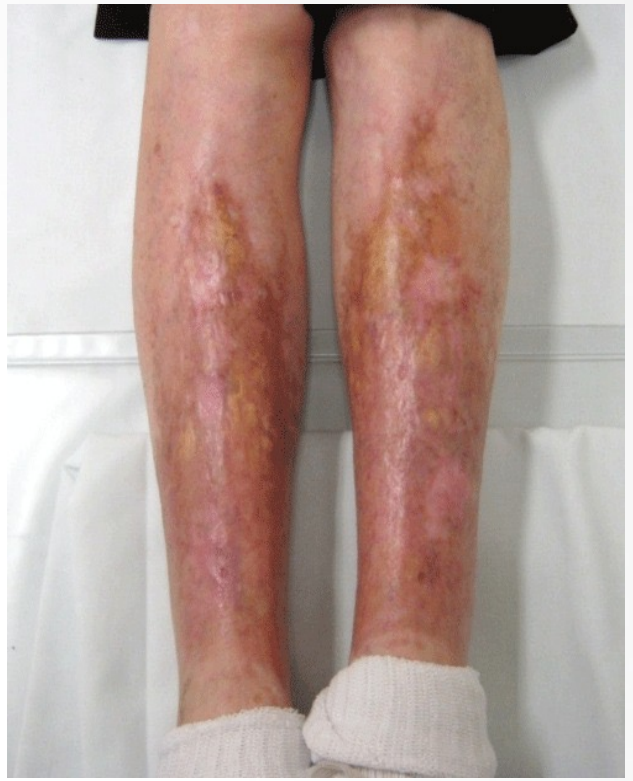
PCS499 For Treatment of Necrobiosis Lipoidica (NL) - No Approved Treatment

- Inflammatory Site Disorder With Pathophysiology Involving the Immune System and Blood Flow
- 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; Dermatologist Are Mainly Using Topical Steroids with Poor Long Term Response; Some Dermatologist Use Other Products with Mixed Results



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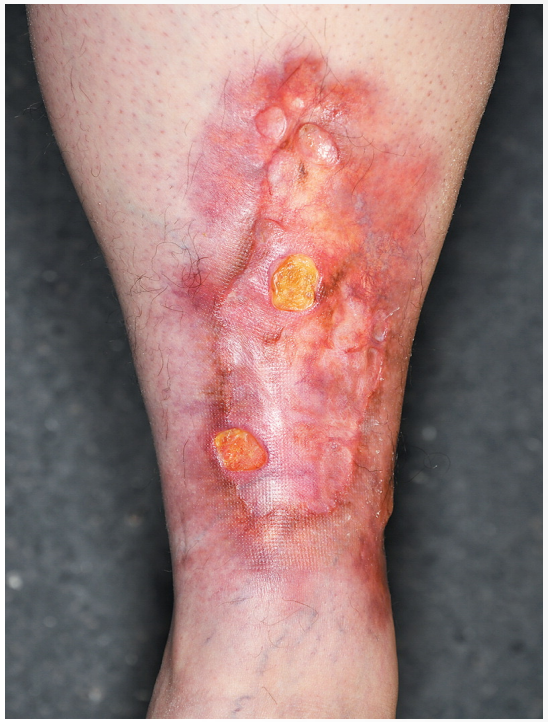
PCS499 For Treatment of Necrobiosis Lipoidica (NL) - No Approved Treatment

- Evidence of PCS499 Efficacy in Patients with NL
  - Diverse Pharmacology Targets Mixed Pathophysiological Changes Associated with NL
  - Some Dermatologist 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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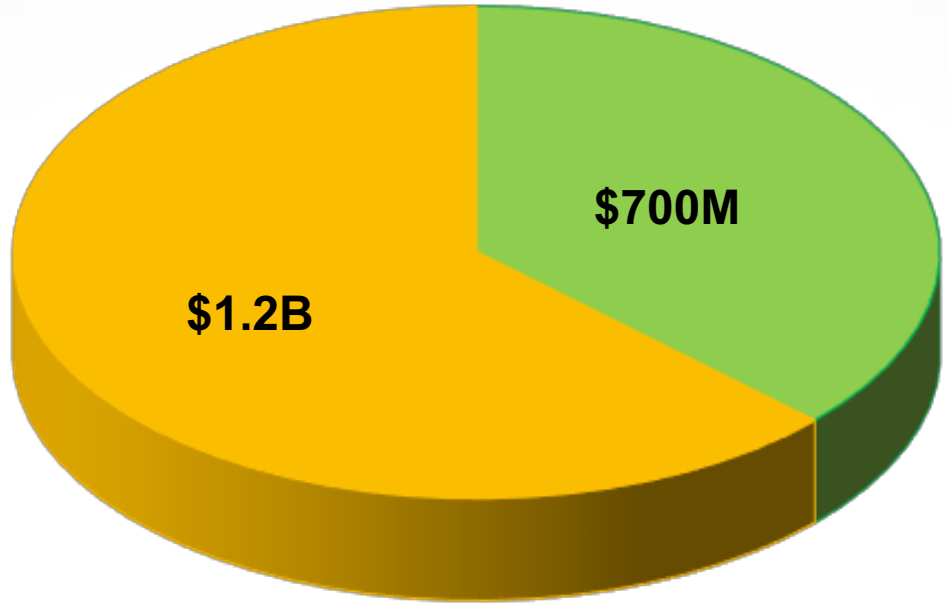
Market Opportunity Based on Average Prevalence ($1.1B - $2.7B SDI Countries, $400M – $1.0B in US)

Necrobiosis Lipoidica (NL)
$1.9B in All SDI Countries



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

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

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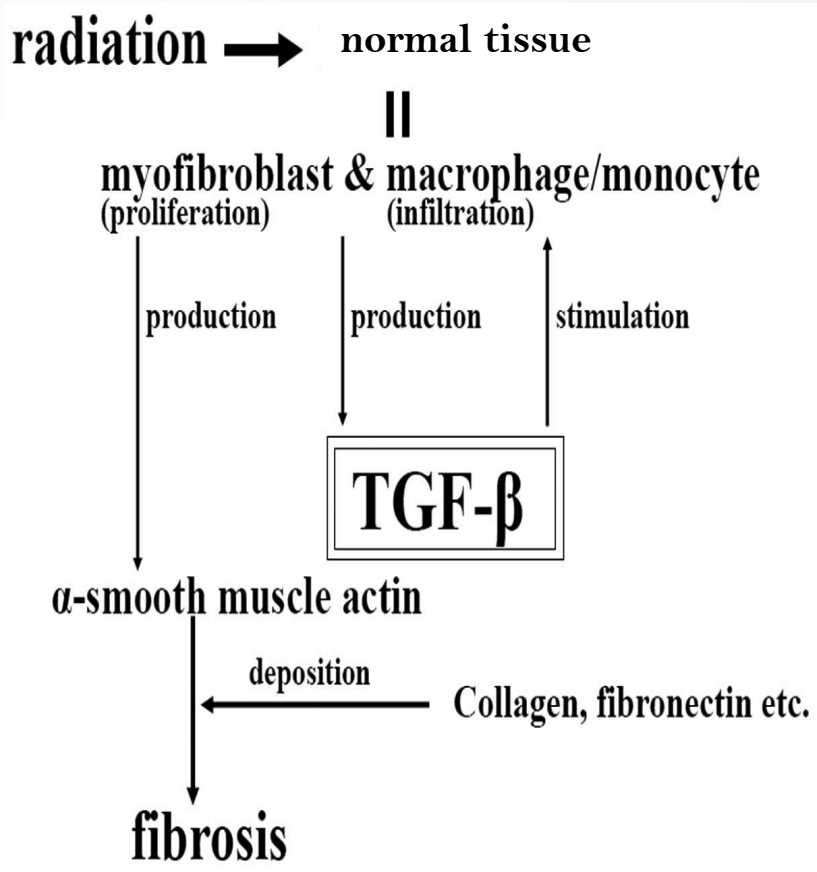
PCS499 To Treat Radiation Therapy Adverse Effects (RTAE) in Head/Neck Cancer – No Approved Treatment

- 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 Oncologist Do Not Have a Standard of Care and Use a Variety of Drug Products to Treat Various Symptoms



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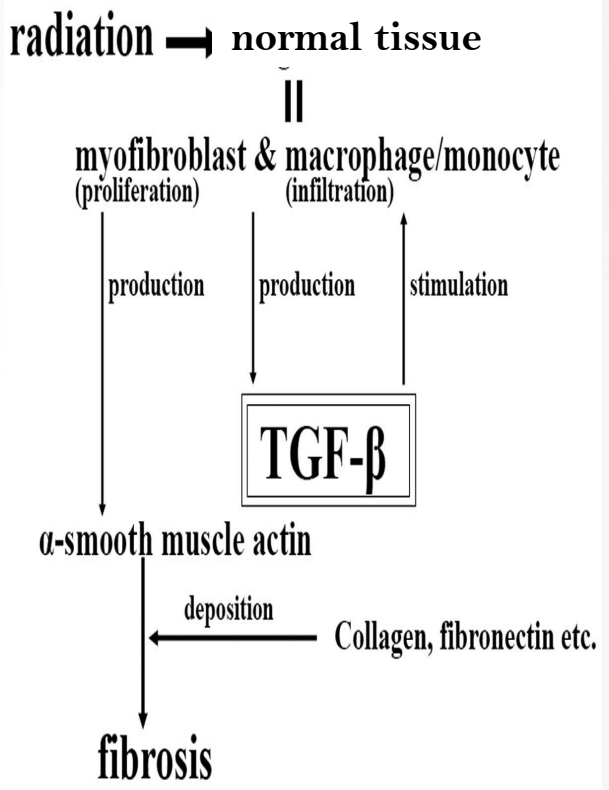
PCS499 To Treat Radiation Therapy Adverse Effects (RTAE) in Head/Neck Cancer – No Approved Treatment

- Evidence of PCS499 Efficacy In Patients with RTAE
  - Diverse Pharmacology Targets Mixed Pathophysiological Changes Associated with RTAE
  - Some Radiation Oncologist 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 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 Opens Up More Opportunities to Treat Other Types of Radiation Treated Cancer
- Anticipate Orphan Drug Designation



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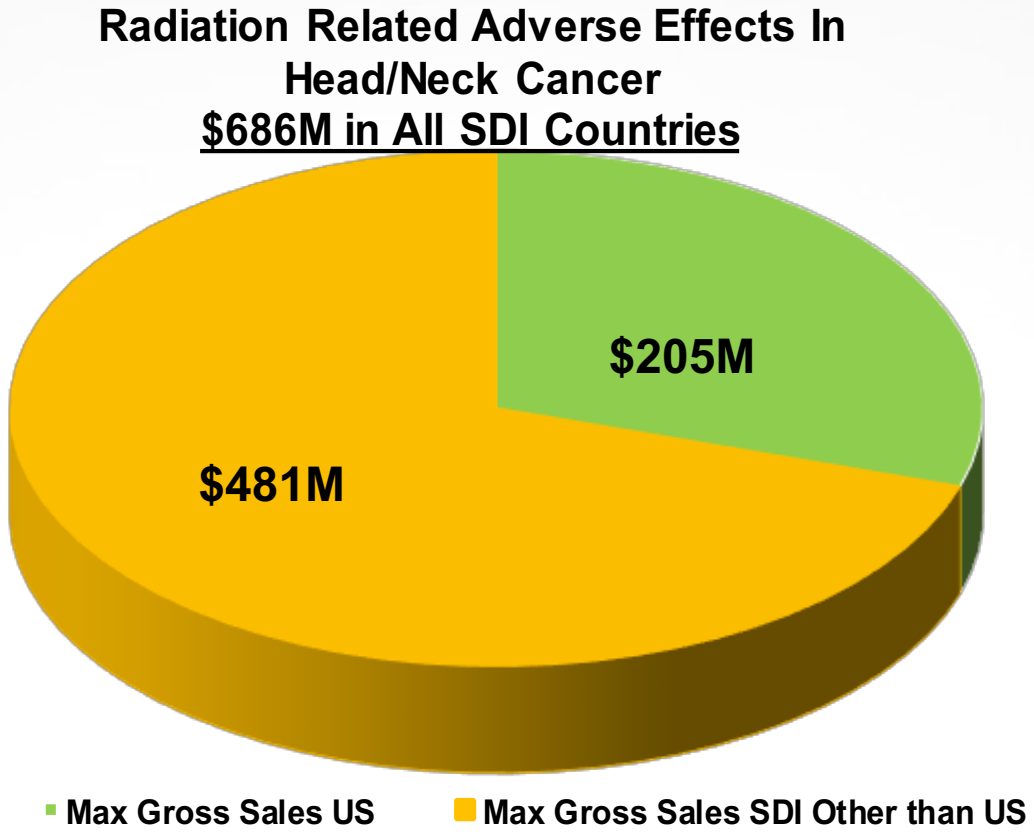
Market Opportunity Based on Average Prevalence ($400M – $972M SDI Countries, $137M – $274M in US)



Target Population 76,000 – 184,000 Patients in High Sociodemographic Index (SDI) Countries (26,000 – 52,000 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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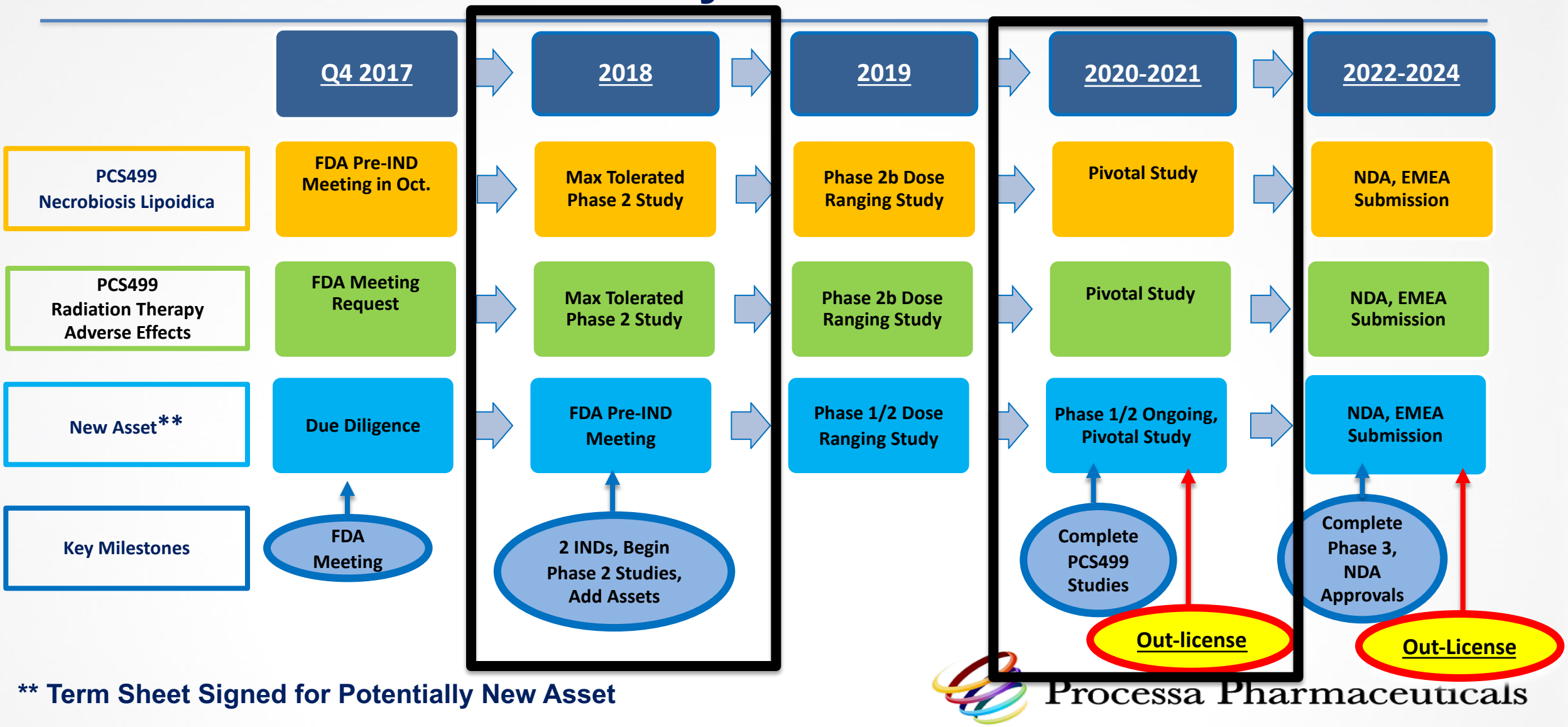
Portfolio and Pipeline Timeline with Key Milestones



** Term Sheet Signed for Potentially New Asset

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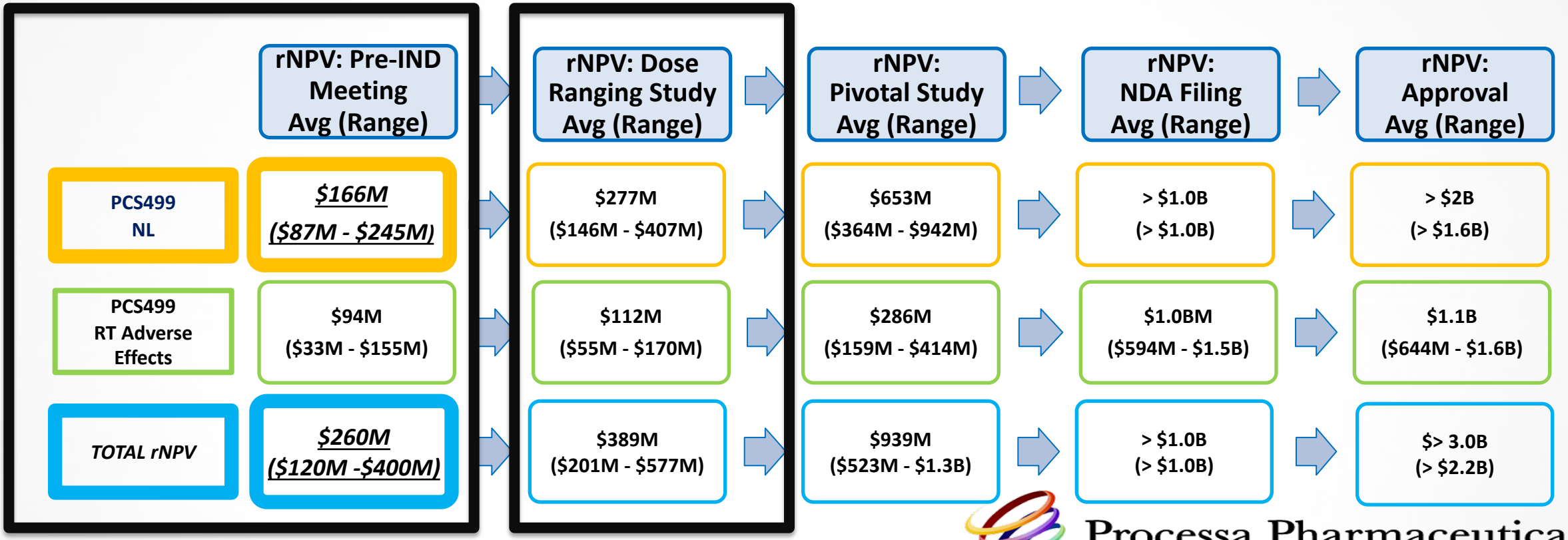
Processa rNPV for Only NL and RTAE by Clinical Milestone

Valuation Based on

- Team Experience and Past Successes
- PCS499 in Clinical Stage of Development for 2 Indications
- Risk Adjusted Net Present Value (rNPV) of PCS499 in High SDI Countries (See Below, See Appendix)*



*Source: Company

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Summary

The Challenge:

- To Maximize ROI by Efficiently Developing Drugs in High Unmet Medical Need Conditions

The Solution:

- Assemble a Team Experienced in Maneuvering Through Development and FDA Approval
- Follow Processa Pipeline Selection Criteria (e.g., Clinical or Pre-Clinical POC Data Exists, Minimal Risk in FDA Acceptance of IND and Development Program)
- Define and Achieve Value Added Milestones Including Out-licensing Products at Various Stages of Development to Further Increase Value and Obtain Non-Diluting Cash
- Raise Capital to Support Cost Effective Programs, Not Scientific Knowledge
- Increase Shareholder Value Through Development, Out-Licensing/Selling Assets, Merger and/or Acquisition, Commercialization

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