Processa Pharmaceuticals

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

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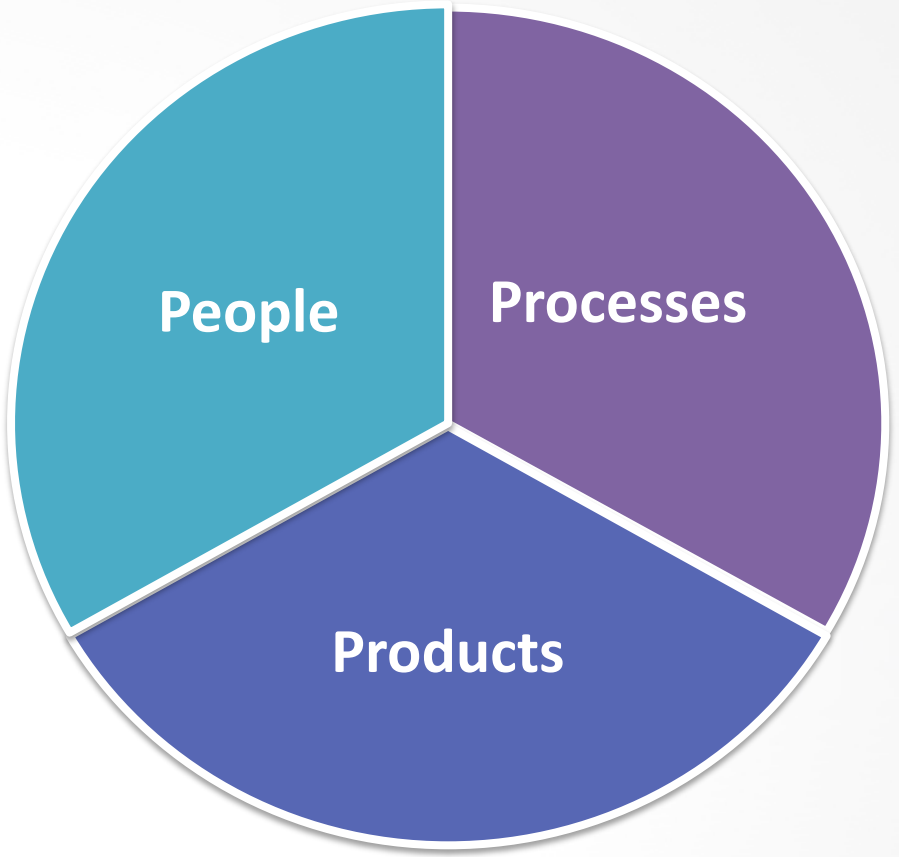
Increase Shareholder Value by Achieving High Returns While Minimizing Risk

Increase Shareholder Value



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Return and Risk Depend on People, Processes, Products

People

Requires a Drug Development and Corporate Team with the *expertise and experience* to obtain FDA approval with an acceptable ROI

Processes

Requires processes to *obtain FDA approvals* and management processes to meet *corporate and growth development* needs

Products

Requires drugs with high gross sales potential, with *acceptable ROI* given FDA development requirements, and with a benefit : risk clinical profile acceptable to FDA

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Processa Pharmaceuticals (OTCQB:PCSA) Built on High Return – Low Risk Model

- Clinical stage biotech company developing drugs with a higher potential return and lower risk of failure
- **Products**: Developing drugs to treat patients with *high unmet medical need* conditions
- **People**: Team of staff with a *proven track record* for obtaining drug approvals and interacting with the FDA
- **Processes**: Implemented *processes developed over last 25+ years* of success in obtaining FDA approvals and interacting with the FDA

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Processa Pharmaceuticals Financial Overview

OTCQB (3/8/19)	PCSA - $2.36/share
Market Cap (3/8/19)	$91.3M
Shares Outstanding	~38.8M Shares
Cash or Cash Equivalent (3/8/19)	~$1.45M (+ $1.8M Investment Paid Directly to CRO for 100% of Phase 2a Trial)
Total 2019 Expenses Other than Phase 2a Trial	~ $2.5M
Insider Ownership %	> 70%
Headquarters	Hanover, MD

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Our People

Our People Lead to Success

- **Established and Proven Executive Team with Over 20+ Years of Biotech Management Experience**
  - Most Recently Helped Transform Questcor Pharmaceuticals from $15M Market Cap in 2007 to $5.6B in 2014 when acquired by Mallinckrodt
- ***Development Team Has a Proven Record of Success*** **and Has Worked Together in Other Companies**
  - Over 25 Years of Experience Developing Drugs
  - Trained FDA Reviewers
  - Worked on 3 FDA Guidances with FDA
  - FDA Advisory Committee Involvement as a Committee Member and Sponsor
  - Over 30+ FDA Approvals
  - 100+ FDA Meetings
  - Agnostic to Therapeutic Area Having Worked with Every Drug Review Division at the FDA

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Our Leadership

David Young, Pharm.D., Ph.D., CEO

- Former Board Member, CSO of Questcor Pharmaceuticals ~$15M Market Cap to $5.6B in 7 years
- Former President, AGI Therapeutics; Founder & CEO, GloboMax
- Former Instructor of FDA Reviewers; Former 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

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Our Leadership

Sian Bigora, Pharm.D., Chief Development Officer

- Former VP, Regulatory Affairs at Mallinckrodt, Questcor Pharmaceuticals, AGI Therapeutics, GloboMax
- Former Instructor of FDA Reviewers

James Stanker, CPA, Chief Financial Officer

- 25 years of Financial and Executive Leadership Experience
- Former Audit Partner at Grant Thornton and Global Head of Audit Quality for Grant Thornton International; Former CFO at NASDAQ Listed Company and a Privately Held Company
- Currently on the Board of Directors and Chairman of the Audit Committee of GSE Systems, Inc. (NYSE MKT: GVP)

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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Our Drug Development Process

Processa Technology Platform or Processes

We Know The Way To The FDA

Over the Last 25+ Years Our Team Has Developed a Regulatory Science Approach to Developing Drugs for FDA Approval

- R&D studies performed to provide the scientific foundation upon which FDA will make regulatory decisions
- Processa has the experience to anticipate the science required to make FDA regulatory decisions - based on training FDA reviewers, assisting in 3 FDA Guidances, membership on FDA Advisory Committees, > 100 FDA interactions involving almost every review division of FDA and involvement with > 30 FDA approvals
- Members of this team most recently obtained FDA approval of Acthar for Infantile Spasms and helped transform Questcor Pharmaceuticals from $15M market cap in 2007 to $5.6B in 2014

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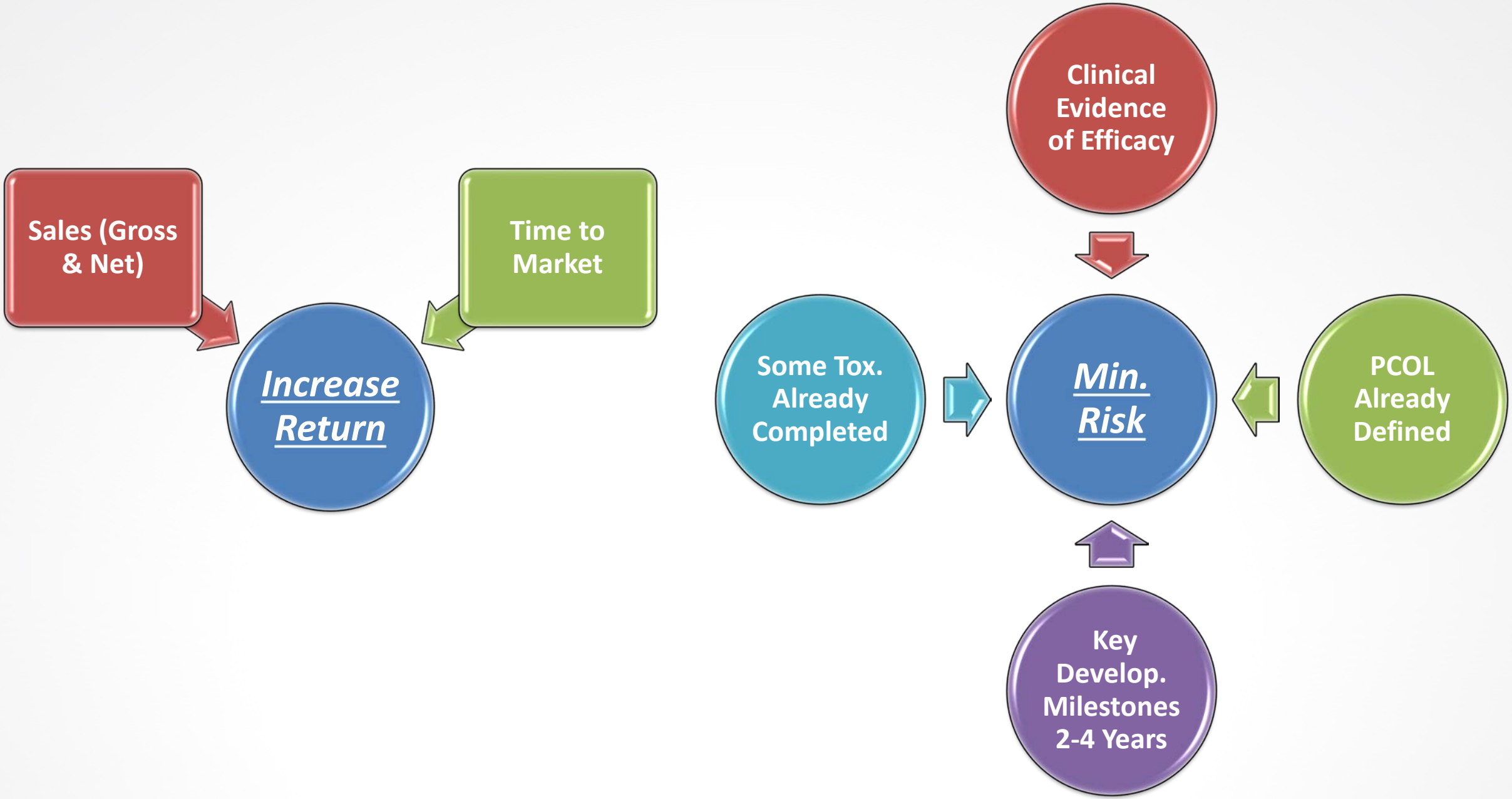
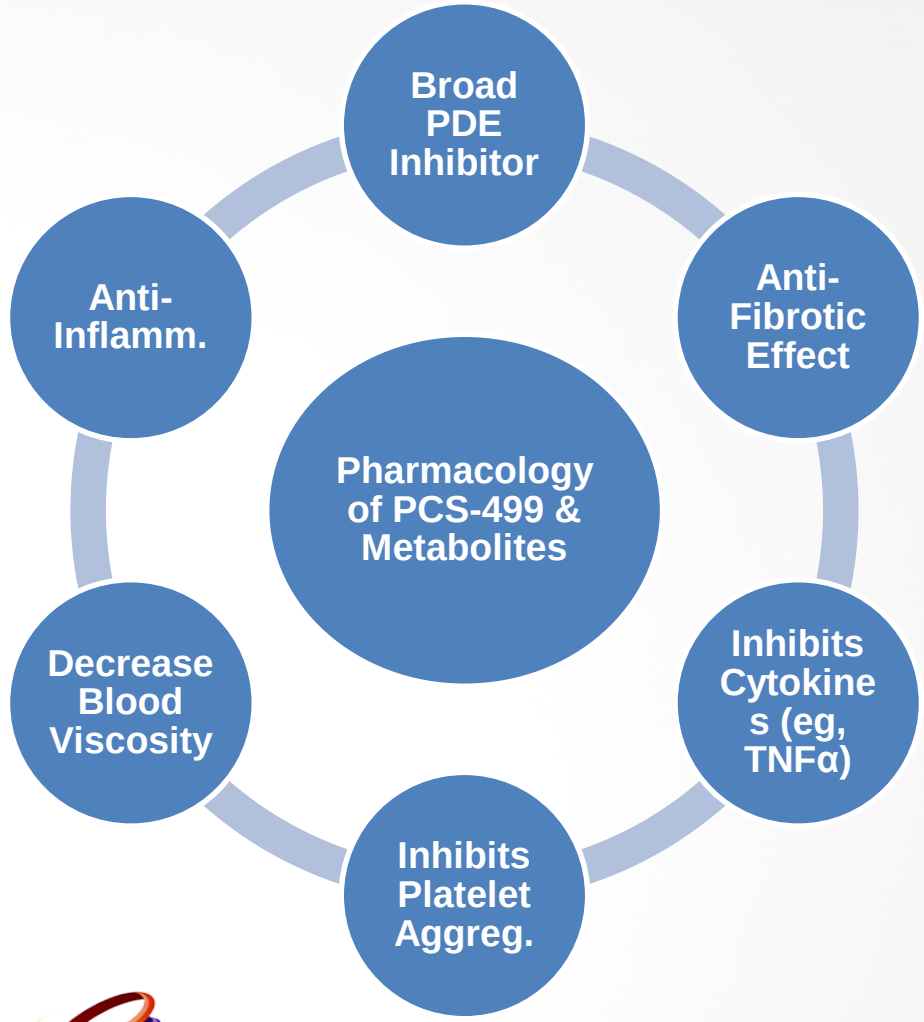
Our Product


Sales (Gross & Net)
Time to Market
Increase Return
Clinical Evidence of Efficacy
Some Tox. Already Completed
Min. Risk
PCOL Already Defined
Key Develop. Milestones 2-4 Years

PCS-499: Deuterated Analog of a Major Active Metabolite of FDA Approved Pentoxifylline (PTX)

- PCS-499 metabolizes to same active moieties as PTX (including reversibly metabolized to PTX itself) but the ***metabolite profile is different after PCS-499 administration than PTX*** (i.e., the % exposure to various active metabolites and administered drug is different)

- PCS-499 and active metabolites have a diverse pharmacology profile



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Evidence PCS-499 Different than PTX

- PCS-499 pharmacology, key GLP tox, key Phase 1 trials completed
- In pre-clinical toxicology studies the maximum tolerated dose for PCS-499 was greater than for PTX
- In Phase 1 studies ***dose limiting side effects*** (e.g., nausea, vomiting, headaches) ***for PCS-499*** administered orally ***occurred at a dose approx. 50% greater than the PTX dose***

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Key Active Moieties from *PCS-499 > 2x PTX* per mg Dose Administered

PK Parameters (Geometric Mean) for Active Moieties (Day 4)

	PCS-499 900 mg BID (n=5)	PCS-499 600 mg TID (n=5)	PTX 400 mg TID (n=6)
Cmax/Dose (ng/mL/mg)	2.11	2.48	1.02
AUC(0-24)/Dose (ng.h/mL/mg)	19.3	16.2	7.32

2.6x higher

2.2x higher

1800 mg daily dose of PCS-499 tablets (administered as 900 mg BID or 600 mg TID) was ***well tolerated despite > 2 x active moiety of PTX exposures*** on a per mg per day basis

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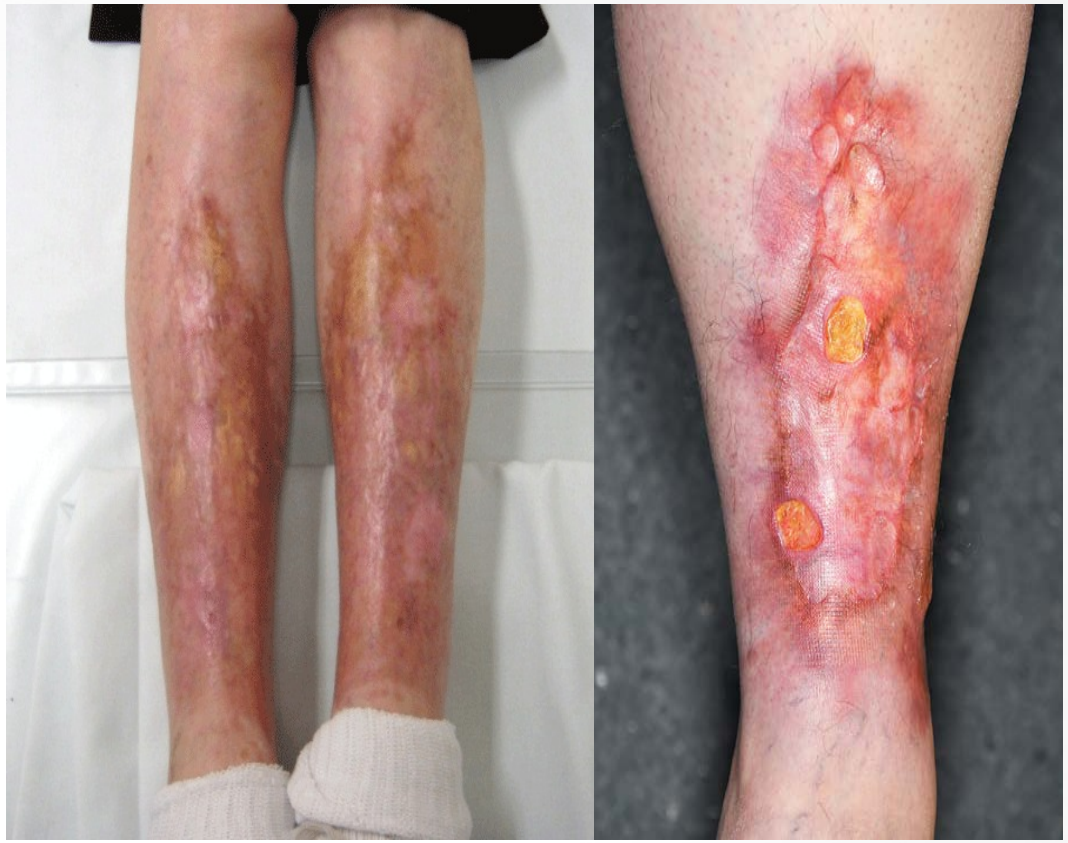
Necrobiosis Lipoidica (NL) - No Approved Treatment

- Occurs in women/men 20 – 60 y/o
- Potential to last for months or years
- Skin becomes necrotic; 30% of patients have painful ulcerations; complications - infections, amputation, squamous cell cancer
- ***No standard of care or FDA approved treatment; no known biotech or pharma company developing a drug for NL***



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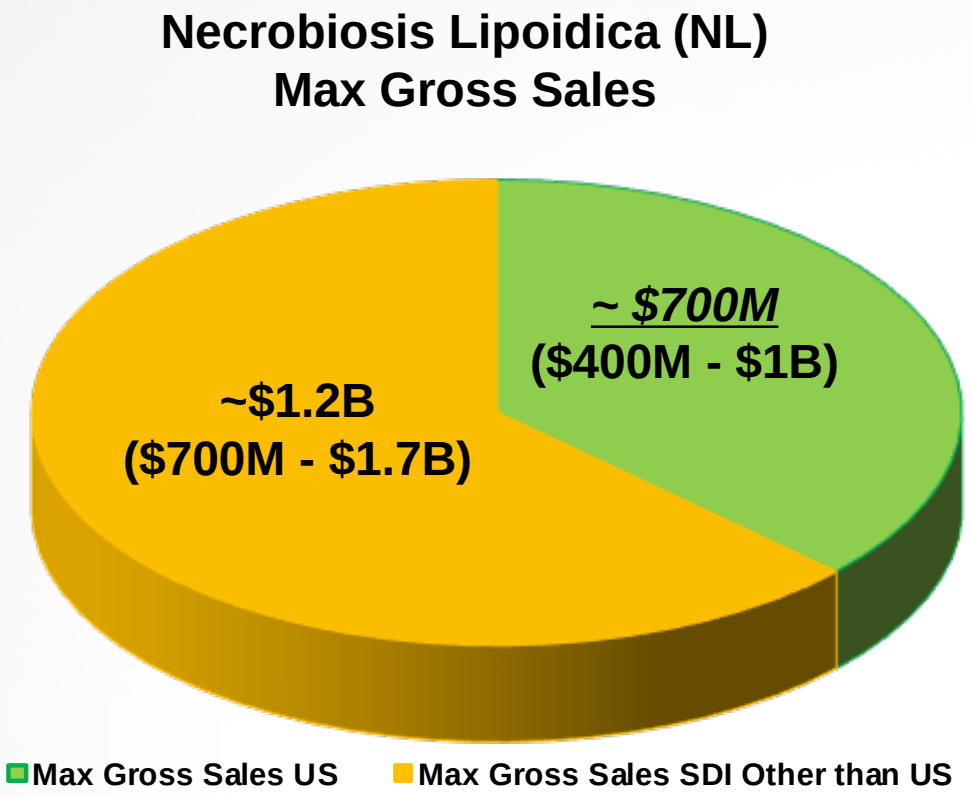
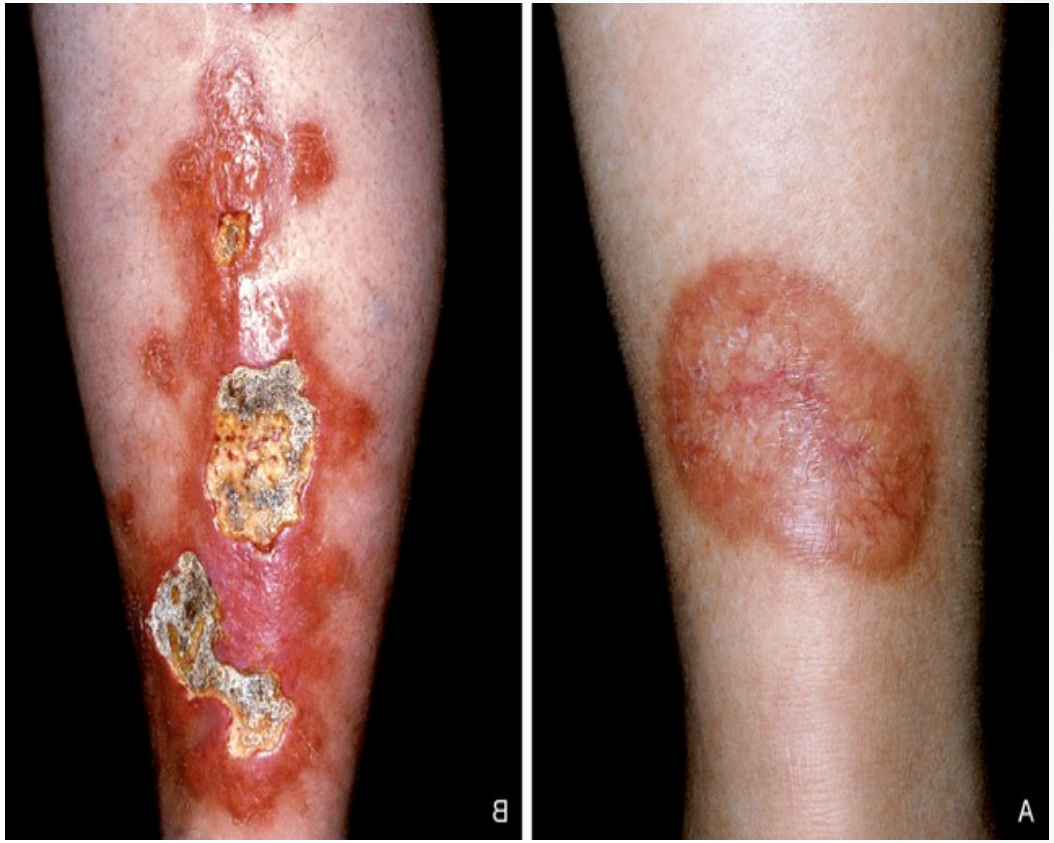
NL Market Opportunity
Max Annual Gross Sales Worldwide ***$1.2B - $2.7B***





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

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

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Clinical Evidence of NL Efficacy for Pentoxifylline (PTX) and PCS-499

- Dermatologists mainly use topical steroids and other drugs with poor response
- ***PTX*** is used ***OFF-LABEL and response can start after 1 month*** with significant improvement within 3-12 months (published case studies and clinical experience)
- PTX does not have widespread use; ***a small percentage of patients respond at the maximum tolerated dose of PTX***
- ***Increasing PTX dose to achieve higher response rate results in dose limiting side effects***

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Clinical Evidence of NL Efficacy for Pentoxifylline (PTX) and PCS-499

- After ***PCS-499*** administration the ***same active moieties exist systemically*** as in PTX but the ***amounts*** of some active moieties ***are greater after PCS-499 administration***.

- ***PSC-499 tolerated oral dose*** in NL patients (PCSA Phase 2 Trial) and healthy human volunteers ***= 1.5 x PTX*** tolerated oral dose

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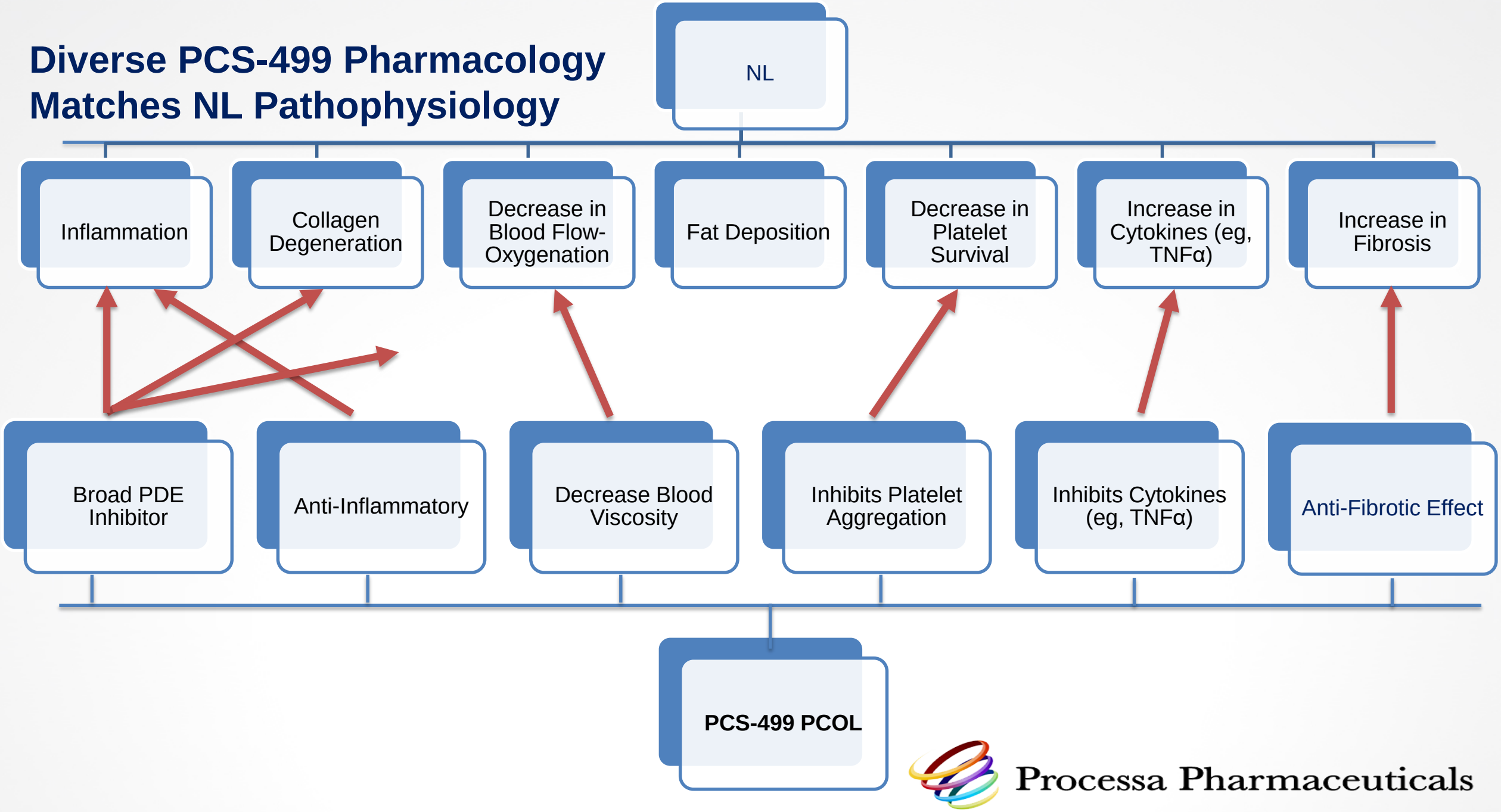
Diverse PCS-499 Pharmacology Matches NL Pathophysiology



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Status of PCS-499 NL Program

- Defined development program in pre-IND collaborative meeting with FDA (Oct 2017); Orphan Designation for PCS-499 in NL (June 2018); PCS-499 NL IND cleared by FDA (Sept 2018) – PCS-499 safety/tolerance trial in NL patients

- First patient dosed January 2019 in Phase 2 trial; ***to date 5 patients dosed with no dose limiting side effects confirming that patients can tolerate PCS-499 at a higher dose***

- In 2019
  - ***Complete enrollment of 12 patients before June 2019 and obtain all tolerance and efficacy data before end of 2019***

  - ***Plan for FDA meeting at end of 2019*** to define larger randomized trial (Phase 2b or Phase 3) and SPA

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Additional Efforts To Increase Shareholder Value

- Evaluating ***PCS-499 in other indications*** where preliminary clinical evidence exists for PTX or PCS-499 efficacy

- ***Evaluating and negotiating acquisition of other drugs*** with existing evidence of clinical efficacy (e.g., CNS, Oncology, Women's Health, orphan diseases)

- Income generating efforts
  - Exploring the ***out-licensing of PCS-499 for ex-US development***

  - ***Negotiating Development Team Collaborations (DTCs)*** where drug ownership remains in existing company, however, development (including FDA interactions) is performed by Processa in exchange for SGA, milestone payments, bio-bucks

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Summary

- *Significant present and future value to be added*
- *Processa offers a higher return and lower risk investment for shareholders as well as a potential future valuation of billions of dollars*
- *Processa has an experienced team to navigate 1) the FDA drug development and approval process using their Regulatory Science approach and 2) SEC/Financial Req. of a public company*
- *Positive news flow expected every 2-4 months throughout 2019*

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Summary

- *Clinical evidence of PCS-499 efficacy in NL patients already exists*
- *Phase 2 trial is confirming that PCS-499 is better tolerated than PTX in NL patients with key results available 2nd and 3rd quarter 2019 (PCS-499 rNPV > $200 M)*
- *2019 end of year meeting with FDA defining next key study (Phase 2b or Phase 3) will add significant value to company (PSC-499 rNPV > $325 M)*
- *Diversification of product portfolio is underway*
- *Processa is working on approaches to obtain income through DTCs and ex-US out-licensing of PCS-499*

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