

Attachments to the OTCQB Certification

Attachment A – 8. Convertible Debt

The following lists the requested information concerning our convertible debt holders as of April 30, 2020.

Date of issuance	Outstanding Balance	Principal Amount at Issuance	Accrued Interest	Maturity Date	Name of Noteholder
07/30/2019	10,611	10,000	611	12/15/2020	Toby Zhang
07/30/2019	15,917	15,000	917	12/15/2020	Jessica Ngo
07/30/2019	26,528	25,000	1,528	12/15/2020	Gordon Wang
07/30/2019	26,528	25,000	1,528	12/15/2020	Patrick Gaynor
07/31/2019	31,827	30,000	1,827	12/15/2020	Ming Yan Chin
07/31/2019	53,044	50,000	3,044	12/15/2020	Phillip Yu
08/01/2019	53,033	50,000	3,033	12/15/2020	Kong Family Trust
08/05/2019	105,978	100,000	5,978	12/15/2020	CRCM LP (Ding Chun)
08/06/2019	31,787	30,000	1,787	12/15/2020	Alexis and Mark Nusbaum
08/06/2019	105,956	100,000	5,956	12/15/2020	Herman Lam
08/19/2019	10,567	10,000	567	12/15/2020	Tom Yu
09/04/2019	210,622	200,000	10,622	12/15/2020	Estate Tax Sheltered Trust UA III (Daniel Katz)
10/16/2019	104,378	100,000	4,378	12/15/2020	Kobe Partners LP (Sanny Greenawalt)
12/19/2019	61,773	60,000	1,773	12/15/2020	Berman Family Trust (Scott Berman)
	<u>848,549</u>	<u>805,000</u>	<u>43,549</u>		
04/02/2020	<u>201,333</u>	<u>200,000</u>	<u>1,333</u>	12/15/2020	Convertible Line of Credit Agreement with DKBK Enterprises LLC (David Young)

Conversion Terms and # of Shares Converted to Date

The 2019 Senior Notes are convertible by the holder upon (i) completion of listing our common stock on either the Nasdaq Capital Market or the New York Stock Exchange or if we raise at least \$14 million, prior to December 15, 2020, the maturity date of the 2019 Senior Notes, in one or more qualified financings. If the 2019 Senior Notes are not paid or converted prior to their maturity date, the principal and any accrued interest will be automatically or mandatorily converted into our common stock. The 2019 Senior Notes, plus any accrued interest, is convertible into shares of our common stock at a conversion price equal to the lower of (i) \$14.28 per share or (ii) a price per share equal to a 10% discount to the pre-money valuation of a Qualified Financing or an Equity State Transaction, both as defined in the 2019 Senior Note agreement, occurring after the closing of the 2019 Senior Note financing. Upon either mandatory conversion or conversion at the holder's option, the holder will also receive stock purchase warrants on a 1:1 basis to the number of shares of common stock received that have an exercise price equal to the greater of (i) the closing price of our common stock on the date of conversion or (ii) \$19.04 per share. No holders of our 2019 Senior Notes has been converted.

Reason for Issuance

We issued the 2019 Senior Notes to provide general working capital funds.

Convertible Line of Credit Agreements

On September 20, 2019, we entered into two separate Line of Credit Agreements (“LOC Agreements”) with DKBK Enterprises, LLC (“DKBK”) and current shareholder CorLyst, LLC (“CorLyst”), both related parties (“Lenders”), which provide a revolving commitment of up to \$700,000 each (\$1.4 million total). Under the LOC Agreements, all funds borrowed will bear an 8% annual interest rate. The lenders have the right to convert all or any portion of the debt and interest into shares of our common stock at a conversion price equal to the lower of (i) \$14.28 per share, (ii) a price per share equal to a 10% discount to the pre-money valuation of a Qualified Financing or an Equity State Transaction, or (iii) at an adjusted price; all as defined in the 2019 Senior Note agreement. The lenders will also receive stock purchase warrants on a 1:1 basis to the number of shares of common stock received that have an exercise price equal to the greater of (i) the closing price of our common stock on the date of conversion or (ii) \$19.04 per share. Our Chief Executive Officer (CEO) is also the CEO and Managing Member of both Lenders.

Reason for Issuance

We entered into the convertible line of credit agreements to provide general working capital funds.

Attachment B - Officers, Directors and Control Persons

The following table sets forth the number of shares of our common stock beneficially owned as of April 30, 2020 by each director, executive officer and beneficial owners of more than 5% of the outstanding shares of the common stock based on 5,486,476 shares of common stock issued and outstanding as of April 30, 2020.

Name of Beneficial Owner ⁽¹⁾	Shares of Common Stock Beneficially Owned	% of Shares of Common Stock Beneficially Owned
Officers and Directors		
David Young ^{(2), (9)}	1,341,606	24.4%
Sian Bigora ⁽³⁾	496,913	9.1%
Patrick Lin ⁽⁷⁾	341,450	6.2%
Wendy Guy ⁽⁴⁾	314,571	5.7%
Virgil Thompson ⁽⁸⁾	87,626	1.6%
Justin Yorke ⁽⁵⁾	372,571	6.8%
Geraldine Pannu	-	*
James Stanker ⁽¹²⁾	38,430	*
Total for all Officers and Directors	2,993,167	54.6%
5% Stockholders		
Young-Plaisance Revoc. Trust ⁽²⁾⁽¹⁰⁾	479,362	8.7%
CorLyst, LLC ⁽⁶⁾⁽¹¹⁾	1,093,359	19.9%
CoNCERT Pharmaceuticals, Inc.	298,615	5.4%

* - represents less than 1%

- (1) Unless otherwise indicated, the address for each beneficial owner listed is c/o Processa Pharmaceuticals, Inc., 7380 Coca Cola Drive, Suite 106, Hanover, Maryland 21076.
- (2) Consists of (i) 305,854 shares of common stock held directly by Dr. Young; (ii) 1,733 shares of common stock issuable pursuant to options held directly by Dr. Young exercisable within 60 days of April 30, 2020; (iii), 479,362 shares held by the Young-Plaisance Revoc. Trust; (iv) 161,672 shares held by two other family entities; (v) 389,838 shares held by CorLyst, LLC ("CorLyst") (316,770 shares held on behalf of entities controlled by Dr. Young, 52,759 shares held on behalf of unrelated shareholders, and stock purchase warrants to purchase 20,309 shares); and (vi) 3,147 shares that Dr. Young will receive on the exercise of stock purchase warrants. Dr. Young is the Trustee of the Young-Plaisance Revoc. Trust and the Chief Executive Officer and Managing Member of CorLyst. Dr. Young disclaims beneficial ownership of a portion of CorLyst shares.

- (3) Consists of (i) 368,477 shares of common stock held directly by Dr. Bigora; (ii) 126,703 shares held by CorLyst; and (iii) 1,733 shares of common stock issuable pursuant to options held directly by Dr. Bigora exercisable within 60 days of April 30, 2020.
- (4) Consists of (i) 154,452 shares of common stock held directly by Ms. Guy; (ii) 158,386 shares held by CorLyst; and (iii) 1,733 shares of common stock issuable pursuant to options held directly by Ms. Guy exercisable within 60 days of April 30, 2020.
- (5) Justin Yorke, a member of our Board of Directors, is a manager of the San Gabriel Fund, LLC, JMW Fund, LLC and the Richland Fund, LLC. The 372,571 shares of common stock reported for Mr. Yorke include the shares held by these Funds. Also included are 197 shares of common stock issuable pursuant to options held directly by Mr. Yorke exercisable within 60 days of April 30, 2020.
- (6) CorLyst is the beneficial holder of 1,093,359 shares. This beneficial ownership is allocated in the above table as follows: David Young related entities – 316,770, Sian Bigora – 126,703; Wendy Guy – 158,386; the Young-Plaisance Revoc. Trust – 418,432; other unrelated shareholders – 52,759; and stock purchase warrants to purchase 20,309 shares.
- (7) Consists of (i) 335,248 shares of common stock held directly by Mr. Lin; (ii) 1,733 shares of common stock issuable pursuant to options held directly by Mr. Lin exercisable within 60 days of April 30, 2020; and (iii) 4,469 shares that Mr. Lin will receive on the exercise of stock purchase warrants.
- (8) Consists of (i) 87,429 shares of common stock held directly by Mr. Thompson and (ii) 197 shares of common stock issuable pursuant to options held directly by Mr. Thompson exercisable within 60 days of April 30, 2020.
- (9) Although David Young confers with all other members or parties associated with CorLyst and the Young-Plaisance Revoc Trust, Dr. Young has voting and investment control of these entities.
- (10) Includes 30,465 shares of common stock that will be issued upon the exercise of stock purchase warrants.
- (11) Includes 20,309 shares of common stock that will be issued upon the exercise of stock purchase warrants.
- (12) Consists of (i) 20,000 shares of common stock held directly by Mr. Stanker and (ii) 18,430 shares of common stock issuable pursuant to options held directly by Mr. Stanker exercisable within 60 days of April 30, 2020.

The number of shares of our common stock beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of April 30, 2020, through the exercise of any stock options, warrants or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person.

The percentage of shares beneficially owned is computed on the basis of 5,486,476 shares of our common stock outstanding as of April 30, 2020. Shares of our common stock that a person has the right to acquire within 60 days of April 30, 2020, are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group.