



April 10, 2020

Dear InSitu Biologics Shareholders,

First of all, we hope you and your families are all staying healthy and doing well during this time of relative chaos and uncertainty caused by the COVID-19 situation.

As for the InSitu Biologics team, we are all safe and continuing to move forward. Our biggest priority during the past few weeks, as well as in the coming weeks, is to ensure our team members continue to maintain good health and adhere to federal and state guidelines to limit the spread of COVID-19.

We have accomplished two major objectives over the past couple of months. First, we successfully submitted our Pre-IND (Investigational New Drug) Application to the FDA. This involved in-depth consultation with several pharmaceutical and regulatory experts, as well as a massive cross-functional team effort to prepare the extensive documentation and complete the process. FDA has indicated a review timeframe for our Pre-IND packet beginning in early May, which would mean a response from FDA around mid-June. This response will provide us with valuable feedback on our clinical strategy and further guidance from FDA on formulation adjustments and required pre-clinical testing prior to commencing our Phase 1 clinical trial in human beings.

Second, we submitted an application to the National Institute of Health (NIH) for a \$2.3M federal grant that would provide non-dilutive funding to InSitu Biologics in late 2020 and 2021. This grant application, if approved, will help offset some development costs, as well as contribute to upcoming clinical trial expenses. Our grant writing consultant has suggested our chances of approval are very promising since our technology is focused on helping patients avoid opioid use, which is a priority of the federal government.

Regarding longer-term funding for InSitu Biologics, there is no doubt the economic uncertainty generated by the COVID-19 crisis has caused unprecedented turmoil in the institutional, venture capital, and private equity markets. The overall effect has been either a delay or a decrease (or both) in the amount of funding available for companies trying to raise money during this economic downturn. As a result of the crisis, we are applying for the Payroll Protection Program (PPP), which is part of the recently approved CARES Act and provides two months of payroll and rent to small businesses affected by the COVID-19 crisis. We continue our efforts to complete our bridge round via a convertible note and will keep you apprised of our progress in the coming months. Finally, we have recently engaged an investment banker to assist with our larger Series A raise in the second half of this year.

Our team at InSitu Biologics would like to once again extend our gratitude to you, our shareholders, for your continued support, and wish you and your families the very best as we all work through this situation together – be smart, be safe, and be healthy!

Best regards,

Kevin Bassett  
President and CEO  
InSitu Biologics, Inc.