July 30, 2020

Dear Insitu Biologics Shareholders,

Our Team is thriving as we navigate the ongoing COVID-19 challenges and hope you and your family are having the same good fortune.

We have made considerable progress executing our business plan over the past several months. We recently raised over $2 million in a convertible note financing round, received a pre-investigational new drug application ("PIND") response from the FDA, and made significant improvements to our drug formulation.

Given the COVID-19 situation and its resulting negative impact on investor sentiment, the financing was extremely challenging. Nevertheless, we closed over $2M in convertible notes which will fund the next stage of our formulation development, bench and animal testing, and other pre-clinical activities.

Based on feedback from potential investors, we have also initiated several corporate housekeeping activities to prepare Insitu for future larger fundraising rounds. One important governance step is to create an independent voting trust for all current common shareholders (there are 465 of you!) to consolidate our common stock shareholders into one large voting block on future important corporate decisions. This step is critical to practically and efficiently allow Insitu to raise the upcoming Series A financing and operate as we seek time-sensitive shareholder votes. This voting trust will not change your ownership or potential investment return but needs to be completed to attract additional large institutional investors necessary to fund our clinical trial strategy. **We will be sending out details on the voting trust very soon.**

Our PIND response was very informative and clearly laid out the FDA's requirements to progress an extended release pain management product through human clinical trials. We feel more confident than ever that we have assembled a great team to achieve value creating milestones and we know precisely what the FDA expects in order for our product to be approved for commercial use.

A positive outcome of recent interactions with the FDA is the opportunity for us to use an improved drug called ropivacaine which was developed after bupivacaine was noted by numerous researchers to be associated with an increased risk of cardiac arrest. Although companies in our space have known for some time about the potential benefits of ropivacaine over bupivacaine, it had not been an affordable drug option to include in extended release formulations until key patents recently expired. Since the FDA is requiring additional testing for our active drug, the patent landscape is positive, and market research indicates physicians prefer a ropivacaine solution, the timing is perfect to pivot to ropivacaine.

Despite the COVID-19 challenges, we have accomplished a great deal these past few months. With our recent financing, positive collaboration with the FDA, and new focus on ropivacaine as the best and most modern drug for our product, we have never been more excited about the future of Insitu Biologics! A successful extended release ropivacaine product will be a game-changer in how doctors manage post-surgical pain and lead to a tremendous decrease in opioid use in the US as well as the rest of the world.

From our Insitu Team to you – thank you again for being part of this incredible journey!

Best regards,

Kevin Bassett
President and CEO
Insitu Biologics, Inc.