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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from to

Commission File Number: 001-36812

SALARIUS PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**46-5087339**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

2450 Holcombe Blvd., Suite X, Houston, TX 77021

(Address of principal executive offices)(Zip Code)

(832)804-9144

Registrant's telephone number, including area code

(Former name, former address and former fiscal year, If changed since last report)

Securities registered pursuant to Section 12(b) of the Act

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.0001 par value	SLRX	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-accelerated Filer ☒ Smaller Reporting Company ☒ Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

As of May 10, 2024, there were 4,776,433 shares of common stock outstanding.

SALARIUS PHARMACEUTICALS, INC.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Various statements made in this Quarterly Report on Form 10-Q are forward-looking and involve risks and uncertainties. All statements that address activities, events or developments that we intend, expect or believe may occur in the future are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements give our current expectations or forecasts of future events and are not statements of historical or current facts. These statements include, among others, statements about:

- *the Company's ability to continue as a going concern and its ability to support it operations into the first half of 2025;*
- *the Company's expectations regarding the exploration of strategic alternatives;*
- *the Company's strategy, including significantly reducing its expenditures on operational and research and development activities and taking other cost savings measures in connection with the Company's ongoing review of strategic alternatives;*
- *the Company's expectations regarding the benefits of its cost-saving measures;*
- *the Company's ability to preserve capital while it continues to await clinical data and assess potential strategic alternatives;*
- *the expected timing for incurring costs associated with the cost savings measures;*
- *the Company's expectations regarding its clinical trials and any investigator-initiated clinical trials, including expected costs, goals, timing and other expectations related thereto;*
- *the potential advantages of its lead compound, seclidemstat or SP-2577, as a treatment for Ewing sarcoma, and other cancers and its ability to improve the life of patients;*
- *the potential for seclidemstat to target the epigenetic dysregulation underlying Ewing sarcoma;*
- *the potential advantages of protein degraders including the value of SP-3164 as a cancer treatment;*
- *the commercial or market opportunity and expansion for each therapeutic option, including the availability and value of a pediatric priority review voucher for in-clinic treatments and potential for accelerated approval;*
- *the Company's expectations as to revenue, cash flow, and expenses;*
- *the Company's liquidity position, the expected sufficiency of such position for anticipated operating and capital requirements into the first half of 2025;*
- *the Company's ability to remain listed on Nasdaq;*

Forward-looking statements also include statements other than statements of current or historical fact, including, without limitation, all statements related to any expectations of revenues, expenses, cash flows, earnings or losses from operations, cash required to maintain current and planned operations, capital or other financial items; any statements of the plans, strategies and objectives of management for future operations; any plans or expectations with respect to product research, development and commercialization, including regulatory approvals; any other statements of expectations, plans, intentions or beliefs; and any statements of assumptions underlying any of the foregoing. We often, although not always, identify forward-looking statements by using words or phrases such as “believe,” “may,” “could,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “indicate,” “seek,” “should,” “would,” “target”, “potential,” “evaluate,” “proceeding.”

The following are some of the factors that could cause actual results to differ materially from the anticipated results or other expectations expressed, anticipated or implied in our forward-looking statements:

- *the risk that if we do not successfully complete a strategic transaction or obtain financing in the near term, the company will need to pursue a dissolution and liquidation of our company;*
- *uncertainties regarding the timing and results of additional clinical data from ongoing clinical trials evaluating seclidemstat;*
- *uncertainties about the exploration and evaluation of strategic alternatives, including that they may not result in a definitive transaction or enhance stockholder value and may create a distraction or uncertainty that may adversely affect our operating results, business or investor perceptions;*

- *potential adverse impacts regarding our announcement regarding our implementation of a series of additional cost-savings measures designed to extend our expected cash runway into the first half of 2025, including the cessation of employment of David Arthur, our Chief Executive Officer, who is continuing to serve in such role as a part-time consulting basis;*
- *the risk that the Company's cost saving initiatives and exploration of strategic alternatives are not successful and do not increase stockholder value;*
- *unanticipated difficulties with preserving capital;*
- *unanticipated charges not currently contemplated that may occur as a result of the Company's cost savings plan;*
- *uncertainties about the paths of our programs and our ability to evaluate and identify a path forward for those programs, particularly given the constraints we have as a small company with limited financial, personnel and other operating resources;*
- *the effectiveness and timeliness of limited ongoing clinical trials, and the usefulness of the data; the adequacy of our capital to support our future operations;*
- *fluctuations in our operating results;*
- *the success of current and future license and collaboration agreements;*
- *our dependence on contract research organizations, vendors and investigators;*
- *effects of competition and other developments affecting development of products;*
- *market acceptance of our product candidates;*
- *protection of intellectual property and avoiding intellectual property infringement;*
- *product liability; and*
- *other factors described in our filings with the SEC.*

We cannot guarantee that the results and other expectations expressed, anticipated or implied in any forward-looking statement will be realized. The risks set forth under Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as supplemented by Part II, Item 1A of this Quarterly Report on Form 10-Q, describe major risks to our business, and you should read and interpret any forward-looking statements together with these risks. A variety of factors, including these risks, could cause our actual results and other expectations to differ materially from the anticipated results or other expectations expressed, anticipated or implied in our forward-looking statements. Should known or unknown risks materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected in the forward-looking statements. You should bear this in mind as you consider any forward-looking statements.

Our forward-looking statements speak only as of the dates on which they are made. We do not undertake any obligation to publicly update or revise our forward-looking statements even if experience or future changes makes it clear that any projected results expressed or implied in such statements will not be realized.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

SALARIUS PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Assets		
Current assets:		
Cash and cash equivalents	$ 4,373,205	$ 5,899,910
Prepaid expenses and other current assets	457,064	619,763
Total current assets	4,830,269	6,519,673
Other assets	53,390	66,850
Total assets	**$ 4,883,659**	**$ 6,586,523**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 713,957	$ 602,853
Accrued expenses and other current liabilities	403,309	406,745
Notes payable	116,855	289,643
Total liabilities	1,234,121	1,299,241
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 10,000,000 shares authorized; 0 issued and outstanding	—	—
Common stock, $0.0001 par value; 100,000,000 shares authorized; 4,314,433 and 3,938,433 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively	431	393
Additional paid-in capital	81,712,238	81,634,730
Accumulated deficit	(78,063,131)	(76,347,841)
Total stockholders' equity	3,649,538	5,287,282
Total liabilities and stockholders' equity	**$ 4,883,659**	**$ 6,586,523**

See accompanying notes to condensed consolidated financial statements.

SALARIUS PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31	
	2024	**2023**
Operating expenses:		
Research and development	$ 243,002	$ 3,725,588
General and administrative	1,528,613	1,695,075
Total operating expenses	1,771,615	5,420,663
Loss before other income (expense)	(1,771,615)	(5,420,663)
Interest income, net and other	56,325	79,890
Loss from continuing operations	**(1,715,290)**	**(5,340,773)**
Net loss	**$ (1,715,290)**	**$ (5,340,773)**
Loss per common share — basic and diluted	**$ (0.41)**	**$ (2.23)**
Weighted-average number of common shares outstanding — basic and diluted	4,194,609	2,391,964

See accompanying notes to condensed consolidated financial statements.

SALARIUS PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31	
	2024	**2023**
Operating activities		
Net loss	$ (1,715,290)	$ (5,340,773)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,107	1,669
Equity-based compensation expense	77,508	203,345
Changes in operating assets and liabilities:		
Grants receivable	—	1,480,490
Prepaid expenses and other assets	175,052	280,728
Accounts payable	111,104	627,576
Accrued expenses and other current liabilities	(3,436)	(422,470)
Net cash used in operating activities	(1,353,955)	(3,169,435)
Financing activities		
Proceeds from issuance of equity securities, net	38	336,682
Payments on note payable	(172,788)	—
Net cash provided by financing activities	(172,750)	336,682
Net decrease in cash, cash equivalents and restricted cash	(1,526,705)	(2,832,753)
Cash, cash equivalents and restricted cash at beginning of period	5,899,910	12,106,435
Cash, cash equivalents and restricted cash at end of period	$ 4,373,205	$ 9,273,682
Supplemental disclosure of cash flow information:		
Non-cash investing and financing activities:		
Cash paid for interest	$ 4,019	$ —
Common stock issued for in-process research and development technology	$ —	$ 25,000

See accompanying notes to condensed consolidated financial statements.

SALARIUS PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity (Deficit)
	Shares	Amount			
Balance at December 31, 2022	**2,255,899**	**$ 225**	**$ 74,189,531**	**$ (63,805,148)**	**$ 10,384,608**
Issuance of equity securities, net	142,499	14	311,667	—	311,681
Equity-based compensation expense	69,899	7	203,338	—	203,345
Net loss	—	—	—	(5,340,773)	(5,340,773)
Balance at March 31, 2023	**2,468,297**	**$ 246**	**$ 74,704,536**	**$ (69,145,921)**	**$ 5,558,861**
Balance at December 31, 2023	**3,938,433**	**$ 393**	**$ 81,634,730**	**$ (76,347,841)**	**$ 5,287,282**
Issuance of equity securities, net	376,000	38	—	—	38
Equity-based compensation expense	—	—	77,508	—	77,508
Net loss	—	—	—	(1,715,290)	(1,715,290)
Balance at March 31, 2024	**4,314,433**	**$ 431**	**$ 81,712,238**	**$ (78,063,131)**	**$ 3,649,538**

See accompanying notes to condensed consolidated financial statements.

SALARIUS PHARMACEUTICALS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. ORGANIZATION AND OPERATIONS

Nature of Business

Salarius Pharmaceuticals, Inc. (“Salarius” or the “Company”), together with its subsidiaries, Salarius Pharmaceuticals, LLC, Flex Innovation Group LLC, and TK Pharma, Inc., is a clinical-stage biopharmaceutical company focused on developing effective treatments for cancers with high, unmet medical need. Specifically, the Company is concentrated on developing treatments for cancers caused by dysregulated gene expression, i.e., genes that are incorrectly turned on or off. The Company has two classes of drugs that address gene dysregulation: targeted protein inhibitors and targeted protein degraders. The Company's technologies have the potential to work in both liquid and solid tumors. The Company's current pipeline consists of two small molecule drugs: 1) SP-3164, a targeted protein degrader, and 2) seclidemstat (SP-2577), a targeted protein inhibitor. The Company is located in Houston, Texas.

Going Concern

Salarius has no products approved for commercial sale, has not generated any revenue from product sales to date and has suffered recurring losses from operations since its inception. The lack of revenue from product sales to date and recurring losses from operations since its inception raise substantial doubt as to the Company's ability to continue as a going concern. The accompanying financial statements are prepared using accounting principles generally accepted in the United States applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities should the Company be unable to continue as a going concern. Salarius will require substantial additional capital to fund its research and development expenses related to its pipeline including SP-3164 and seclidemstat. Based on Salarius’ expected cash requirements, Salarius believes that there is substantial doubt that its existing cash and cash equivalents, will be sufficient to fund its operations through one year from the financial statements' issuance date. The Company may attempt to obtain additional capital through the sale of equity securities in one or more offerings or through issuances of debt instruments, and may also consider new collaborations or selectively partnering its technology. However, the Company cannot provide any assurance that it will be successful in accomplishing any of its plans.

Although the Company is currently exploring various strategic alternatives, these strategic alternatives may not be successful in the next several months prior to its cash position getting to the point that it will need to pursue the winding down and dissolution of the Company. If the Company does not raise capital or successfully engage a strategic partner before the first half of 2025, it will be forced to cease operations, liquidate assets and possibly seek bankruptcy protection or engage in a similar process.

NOTE 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standard Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB").

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Unaudited Interim Financial Information

The accompanying interim financial statements are unaudited. These unaudited interim financial statements have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission

("SEC") for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. These unaudited interim financial statements should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2023 included elsewhere in the Company's Annual Report on Form 10-K filed with the SEC on March 22, 2024, as amended on April 22, 2024. In the opinion of management, the unaudited interim financial statements reflect all the adjustments (consisting of normal recurring adjustments) necessary to state fairly the Company's financial position as of March 31, 2024 and the results of operations for the three months ended March 31, 2024 and 2023. The interim results of operations are not necessarily indicative of the results that may occur for the full fiscal year. The December 31, 2023 balance sheet included herein was derived from the audited financial statements, but does not include all disclosures, including notes, required by GAAP for complete financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as defined by the FASB ASC requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Salarius considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Financial Instruments and Credit Risks

Financial instruments that potentially subject the Company to credit risk include cash and cash equivalents and restricted cash. Cash is deposited in demand accounts in federally insured domestic institutions to minimize risk. Insurance is provided through the Federal Deposit Insurance Corporation. Although the balances in these accounts exceed the federally insured limit from time to time, the Company has not incurred losses related to these deposits.

Warrants

The Company determines whether warrants should be classified as a liability or equity. For warrants classified as liabilities, the Company estimates the fair value of the warrants at each reporting period using Level 3 inputs with changes in fair value recorded in the Condensed Consolidated Statement of Operations within change in fair value of warrant liability. The estimates in valuation models are based, in part, on subjective assumptions, including but not limited to stock price volatility, the expected life of the warrants, the risk-free interest rate and the fair value of the common stock underlying the warrants, and could differ materially in the future. The Company will continue to adjust the fair value of the warrant liability at the end of each reporting period for changes in fair value from the prior period until the earlier of the exercise or expiration of the applicable warrant. For warrants classified as equity contracts, the Company allocates the transaction proceeds to the warrants and any other free-standing instruments issued in the transaction based on an allowable allocation method.

Clinical Trial Accruals

The Company's preclinical and clinical trials are performed by third party contract research organizations ("CROs") and/or clinical investigators, and clinical supplies are manufactured by contract manufacturing organizations ("CMOs"). Invoicing from these third parties may be monthly based upon services performed or based upon milestones achieved. The Company accrues these expenses based upon its assessment of the status of each clinical trial and the work completed, and upon information obtained from the CROs and CMOs. The Company's estimates are dependent upon the timeliness and accuracy of data provided by the CROs and CMOs regarding the status and cost of the studies, and may not match the actual services performed by the organizations. This could result in adjustments to the Company's research and development expenses in future periods. To date the Company has had no significant adjustments.

Grants Receivable and Revenue

Salarius' source of revenue has been from a grant received from CPRIT. Grant revenue is recognized when qualifying costs are incurred and there is reasonable assurance that conditions of the grant have been met. Cash received from grants in advance of incurring qualifying costs is recorded as deferred revenue and recognized as

revenue when qualifying costs are incurred. Final reimbursement from the grant was received in the first quarter of 2023. The Company's CPRIT grant expired during 2023 and no additional amounts are expected to be recognized or received.

Research and Development Costs

Research and development costs consist of expenses incurred in performing research and development activities, including pre-clinical studies and clinical trials. Research and development costs include salaries and personnel-related costs, consulting fees, fees paid for contract research services, the costs of laboratory equipment and facilities, license fees and other external costs. Research and development costs are expensed when incurred.

Equity-Based Compensation

Salarius measures equity-based compensation based on the grant date fair value of the awards and recognizes the associated expense in the financial statements over the requisite service period of the award, which is generally the vesting period.

The Company uses the Black-Scholes option valuation model to estimate the fair value of stock options granted to employees and directors. Assumptions utilized in these models including expected volatility calculated based on implied volatility from traded stocks of peer companies, dividend yield and risk-free interest rate. Additionally, forfeitures are accounted for in compensation cost as they occur. Restricted stock and restricted stock units granted to employees and directors are measured at fair value based upon the closing price of the Company's common stock on the grant date.

Loss Per Share

Basic net loss per share is calculated by dividing the net loss applicable to common stockholders by the weighted average number of shares of common stock outstanding during the period. Since the Company was in a loss position for all periods presented, diluted net loss per share is the same as basic net loss per share for all periods, as the inclusion of all potential common shares outstanding is anti-dilutive.

The number of anti-dilutive shares, consisting of common shares underlying (i) common stock options, (ii) stock purchase warrants, (iii) rights entitling holders to receive warrants to purchase the Company's common shares, and (iv) restricted stock units which have been excluded from the computation of diluted loss per share, was approximately 10,701,757 and 716,840 shares as of March 31, 2024 and 2023, respectively.

Income Taxes

Income taxes are recorded in accordance with FASB ASC Topic 740, Income Taxes ("ASC 740"), which provides for deferred taxes using an asset and liability approach. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and the tax reporting basis of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company provides a valuation allowance against net deferred tax assets unless, based upon the available evidence, it is more likely than not that the deferred tax assets will be realized. The Company has evaluated available evidence and concluded that the Company may not realize the benefit of its deferred tax assets; therefore, a valuation allowance has been established for the full amount of the deferred tax assets.

The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit will more likely than not be realized. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. As of March 31, 2024 and December 31, 2023, the Company did not have any significant uncertain tax positions and no interest or penalties have been charged. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company is subject to routine audits by taxing jurisdictions.

NOTE 3. GRANT RECEIVABLE FROM CPRIT

Grants receivable balances are zero at March 31, 2024 and December 31, 2023. During the three months ended March 31, 2024 and 2023, the Company received $0.1 million and $1.5 million from CPRIT, respectively. We recorded $0.1 million received during the current quarter as a reduction of bad debt expense. Since inception, the Company has received approximately $16.1 million under the grant. The grant was closed in 2023.

NOTE 4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets at March 31, 2024 and December 31, 2023 consisted of the following:

	March 31, 2024	December 31, 2023
Insurance	$ 278,996	$ 468,495
Other prepaid and current assets	178,068	151,268
Total prepaid expenses and other current assets	$ 457,064	$ 619,763

Insurance is mainly comprised of prepaid directors' and officers' insurance. In July 2023, the Company financed its directors and officers' insurance premium with a short term note, the principal amount of which is approximately $0.6 million bearing interest at a rate of 7.87%. The note payable balance, which was included within Current Liabilities on the Condensed Consolidated Balance Sheet is $0.1 million at March 31, 2024.

NOTE 5. COMMITMENTS AND CONTINGENCIES

Cancer Prevention and Research Institute of Texas

In June 2016, the Company entered into a Cancer Research Grant Contract with CPRIT. Pursuant to the contract, CPRIT awarded the Company a grant up to $18.7 million, further modified to $16.1 million to fund development of LSD 1 inhibitor. The grant expired in 2023.

The Company will retain ownership over any intellectual property developed under the contract ("Project Result"). With respect to non-commercial use of any Project Result, the Company agreed to grant to CPRIT a nonexclusive, irrevocable, royalty-free, perpetual, worldwide license with right to sublicense any necessary additional intellectual property rights to exploit all Project Results by CPRIT, other governmental entities and agencies of the State of Texas, and private or independent institutions of higher education located in Texas, for education, research and other non-commercial purposes.

The Company is obligated to make revenue-sharing payments to CPRIT with respect to net sales of any product covered by the contract, up to a maximum repayment of certain percentage of the aggregate amount paid to the Company by CPRIT under the CPRIT contract. The payments are determined as a percentage of net sales, which may be reduced if the Company is required to obtain a license from a third party to sell any such product. In addition, upon meeting the foregoing limitation on revenue-sharing payments, the Company agreed to make continued revenue-sharing payments to CPRIT of less than 1% of net sales.

License Agreement with the University of Utah Research Foundation

In 2011, the Company entered into a license agreement with the University of Utah, under which the Company acquired an exclusive license to an epigenetic enzyme lysine specific demethylase 1 ("LSD1"). In exchange for the license, the Company issued 2% equity ownership in the Company on a fully diluted basis at the effective date of the agreement subject to certain adjustments specified in the agreement, such as granted revenue sharing rights on any resulting products or processes to commence on first commercial sale, and milestone payments based upon regulatory approval of any resulting product or process as well as on the second anniversary of first commercial sale.

Lease Agreement

The Company presently leases office space under operating lease agreements on a month-to-month basis.

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Certain assets and liabilities are carried at fair value under GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. A fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last is considered unobservable, are used to measure fair value:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Significant unobservable inputs including Salarius' own assumptions in determining fair value.

The Company believes the recorded values of its financial instruments, including cash and cash equivalents, accounts payable and note payable approximate their fair values due to the short-term nature of these instruments.

NOTE 7. STOCKHOLDERS' EQUITY

Common Stock - Issuances

During the three months ended March 31, 2023, the Company sold 142,499 shares of common stock in an "at the market offering" ("ATM") under the Purchase Agreement, as defined below with gross proceeds of $0.3 million. The Company did not sell any shares pursuant to the ATM during the three months ended March 31, 2024.

On May 11, 2023, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with an accredited investor (the “Investor”), pursuant to which the Company agreed to issue and sell to the Investor in a private placement (the “Offering”) (i) 330,000 shares (the “Shares”) of the Company’s common stock, par value $0.0001 per share (the “Common Stock”), (ii) pre-funded warrants (the “Pre-Funded Warrants”) to purchase up to 3,306,364 shares of Common Stock, (iii) Series A-1 warrants (the “Series A-1 Warrants”) to purchase up to 3,636,364 shares of Common Stock and (iv) Series A-2 warrants (the “Series A-2 Warrants”) and together with the Series A-1 Warrants, the “Common Stock Warrants,” and together with the Pre-Funded Warrants, the “Warrants”) to purchase up to 3,636,364 shares of Common Stock, at a purchase price of (a) $ 1.65 per Share and accompanying Common Stock Warrants and (b) $1.6499 per Pre-Funded Warrant and accompanying Common Stock Warrants. The aggregate gross proceeds from the Offering were approximately $6.0 million, exclusive of placement agent fees and expenses and other offering expenses. The Offering closed on May 16, 2023.

During the three months ended March 31, 2024, the Company issued 376,000 shares of its Common Stock upon the exercise of Pre-Funded Warrants.

Warrants Exercisable for Cash

The Company has five-year (5) warrants outstanding that were issued in February 2020 and subsequently modified in December 2020 in connection with the issuance of additional inducement warrants. The warrants are exercisable at a price per share of $28.75. The inducement warrants expire on June 11, 2026, and are exercisable at a price per share of $29.55. The Company has five-and-one-half-year (5.5) year warrants outstanding that were issued in April 2022, with an exercise price of $8.4975 per share. The warrants became exercisable six months following the issuance date and will expire five and one-half years from the issuance date.

The Company's Series A-1 Warrants are exercisable for a period of five and one-half (5.5) years from the issuance date at an exercise price of $ 1.40 per share. Series A-2 Warrants are exercisable for a period of eighteen (18) months from the issuance date at an exercise price of $ 1.40 per share. Each Pre-Funded Warrant was sold in lieu

of shares of Common Stock, are exercisable immediately upon issuance, have an exercise price of $ 0.0001 per share and expire when exercised in full.

In connection with the above mentioned Offering, the Company issued warrants to its exclusive placement agency H.C Wainwright & Co., LLC to purchase up to 254,454 shares of common stock at an exercise price per share of $ 2.0625 and a term of five and one-half (5.5) years.

As of March 31, 2024 and 2023, approximately 10,468,785 (2,344,000 are Pre-Funded Warrants) and 597,512 warrants remain outstanding, respectively.

The terms of the outstanding warrants require the Company, upon the consummation of any fundamental transaction to, among other obligations, cause any successor entity resulting from the fundamental transaction to assume the Company's obligations under the warrants and the associated transaction documents. In addition, holders of warrants are entitled to participate in any fundamental transaction on an as-converted or as-exercised basis, which could result in the holders of the Company's common stock receiving a lesser portion of the consideration from a fundamental transaction. The terms of the warrants could also impede the Company's ability to enter into certain transactions or obtain additional financing in the future.

NOTE 8. EQUITY-BASED COMPENSATION

Equity Incentive Plans

The Company has granted options to employees, directors, and consultants under the 2015 Equity Incentive Plan (the "2015 Plan"). The 2015 Plan provides for the grant of incentive stock options ("ISOs"), nonstatutory stock options, restricted stock awards, restricted stock units, stock appreciation rights, performance-based stock awards and other stock-based awards. Additionally, the 2015 Plan provides for the grant of performance-based cash awards. ISOs may be granted only to the Company's employees. All other awards may be granted to the Company's employees, including officers, and to non-employee directors and consultants. As of March 31, 2024, there were approximately 99,258 shares remaining available for grant awards under the 2015 Plan.

During the three-month periods ended March 31, 2024 and 2023, the Company awarded 148,500 and 0 stock options to its employees and directors, pursuant to the plan described above. Stock options generally vest over one to four years and have a contractual term of ten years. Stock options are valued using the Black-Scholes option pricing model and compensation cost is recognized based on the resulting value over the service period. Expected volatilities utilized in the model are based on implied volatilities from traded stocks of peer companies. Similarly, the dividend yield is based on historical experience and the estimate of future dividend yields. The risk-free interest rate is derived from the U.S. Treasury yield curve in effect at the time of grant. The expected term of the options is based on the average period the stock options are expected to remain outstanding. The fair value of the option grants awarded during the three - month period ended March 31, 2024 was $0.1 million, which has been estimated with the following assumptions on the grant date.

	Three Months Ended March 31 2024
Risk-free interest rate	4.25%-4.27%
Volatility	123.31%
Expected life (years)	5.00-6.00
Expected dividend yield	0%

During the three months ended March 31, 2023, the Company awarded 12,220 restricted stock units to its employees and 36,640 restricted stock awards to its officers and directors, pursuant to the plan described above. Both the restricted stock units and restricted stock awards are valued at the closing price $1.57 of the Company's common stock on the grant date, and generally vest over one to four years. Total fair value of the restricted stock awards and restricted stock units awarded during the three - month period ended March 31, 2023 is $76,679.

The following table summarizes stock option activity for employees and non-employees for the three months ended March 31, 2024 and 2023:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)
Outstanding at December 31, 2022	107,128	$ 23.67	8.29
Granted	—		
Exercised	—		
Forfeited	—		
Expired	—		
Outstanding at March 31, 2023	107,128	$ 23.75	8.04
Exercisable at March 31, 2023	59,870	$ 28.30	7.83
Outstanding at December 31, 2023	89,304	$ 23.78	7.26
Granted	148,500	$ 0.57	
Exercised	—		
Forfeited	5,882		
Expired	—		
Outstanding at March 31, 2024	231,922	$ 9.04	8.86
Exercisable at March 31, 2024	65,769	$ 26.66	6.88

As of March 31, 2024 and 2023, there was approximately $ 0.3 million and $0.7 million, respectively, of total unrecognized compensation cost related to unvested stock options. Total unrecognized compensation cost will be adjusted for future changes in employee and non-employee forfeitures, if any. The Company expects to recognize that cost over a remaining weighted-average period of 1.25 years.

NOTE 9 SUBSEQUENT EVENTS

On May 9, 2024, the Company held a Special Meeting of Stockholders (the “Special Meeting”). At the Special Meeting, the Company’s stockholders approved an amendment to the Company’s Certificate of Incorporation to effect a reverse stock split of the Company’s outstanding shares of common stock at a ratio in the range of 1:4 to 1:8,. as determined by the Company’s Board of Directors, and with such reverse stock split to be effected at such time and date, if at all, as determined by the Company's Board of Directors in its sole discretion.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the unaudited financial information and the notes thereto included herein, as well as our audited financial statements and notes thereto contained in our Annual Report *on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 22, 2024, as amended on April 22, 2024. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of several factors, including those set forth under "Part I - Item 1A - Risk Factors" discussed in our* Annual Report *on Form 10-K for the year ended December 31, 2023, in other subsequent filings with the SEC, and elsewhere in this Quarterly Report on Form 10-Q. These statements, like all statements in this report, speak only as of the date of this Quarterly Report on Form 10-Q (unless another date is indicated), and we undertake no obligation to update or revise these statements in light of future developments.*

Recent Developments

On January 3, 2024 we announced that the hematologic cancer Phase 1/2 clinical trial being conducted at MD Anderson Cancer Center (MDACC) is listed as active and recruiting on clinical trials.gov – trial NCT04734990. We also announced that an additional Ewing sarcoma patient treated with seclidemstat, topotecan and cyclophosphamide (TC) had achieved a partial response as demonstrated by at least a 30% decrease in the sum of diameters of the patient's target lesions, bringing the objective response rate (ORR) in Ewing sarcoma first-relapse patients to 60%, with a 60% disease control rate (DCR).

On January 5, 2024 we announced the issuance of U.S. Patent No. 11,535,603, which covers our novel cereblon-binding protein degrader, SP-3204. SP-3204 is a GSPT1 protein degrader and has potential in hematological cancers.

On January 16, 2024, we announced the expansion of our intellectual property portfolio with composition-of-matter protection into 2039 for our novel molecular glue. Our protein degrader patent portfolio now includes seventeen issued patents across six patent families.

On February 22, 2024, our Board of Directors implemented a series of additional cost-savings measures designed to extend our expected cash runway into the first half of 2025. These measures are intended to allow us to support the generation of additional clinical data for seclidemstat in the ongoing MDACC investigator-initiated Phase 1/2 clinical trial in hematologic cancers and Salarius' Phase 1/2 trial in Ewing sarcoma.

In connection with the cost-savings measures, David Arthur, the Company's President and Chief Executive Officer, ended his full-time employment and transitioned to a part-time consultant role, effective February 20, 2024. He will continue to serve as Chief Executive Officer and support our ongoing activities. The cost-savings measures also included reducing operating expenses and reducing the cash compensation payable to our non-employee directors beginning in the second quarter of 2024.

On May 9, 2024, the Company held a Special Meeting of Stockholders (the "Special Meeting"). At the Special Meeting, the Company's stockholders approved an amendment to the Company's Certificate of Incorporation to effect a reverse stock split of the Company's outstanding shares of common stock at a ratio in the range of 1:4 to 1:8,. as determined by the Company's Board of Directors, and with such reverse stock split to be effected at such time and date, if at all, as determined by the Company's Board of Directors in its sole discretion.

Overview

We are a clinical-stage biopharmaceutical company focused on developing effective treatments for parties with cancer with high, unmet medical need. Specifically, we are concentrated on developing treatments for cancers caused by dysregulated gene expression, i.e., genes which are incorrectly turned on or off. We have two classes of drugs that address gene dysregulation: targeted protein inhibitors and targeted protein degraders. Our technologies have the potential to work in both liquid and solid tumors. Our current pipeline consists of two small molecule drugs: 1) SP-3164, targeted protein degrader, and 2) seclidemstat (SP-2577), a targeted inhibitor. The Company is located in Houston, Texas.

We have no products approved for commercial sale and have not generated any revenue from product sales. We have never been profitable and have incurred operating losses in each year since inception. We had an accumulated deficit of $78.1 million as of March 31, 2024. Substantially all of our operating losses resulted from

expenses incurred in connection with our research and development programs and from general and administrative costs associated with our operations. As of March 31, 2024, we had cash and cash equivalents of $4.4 million.

Our financial statements are prepared using Generally Accepted Accounting Principles in the United States of America ("GAAP") applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Our financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities should we be unable to continue as a going concern.

We believe that there is presently insufficient funding available to allow us to continue our current and planned clinical programs for a period exceeding 12 months from the date of this filing with the SEC.

The lack of revenue from product sales to date and recurring losses from operations since our inception raise substantial doubt as to our ability to continue as a going concern. We will continue to require substantial additional capital to continue our operation and clinical development activities and will need such additional capital within the next several months to continue to fund our operations beyond the first half of 2025. The amount and timing of our future funding requirements will depend on many factors, including the results of our evaluation of strategic alternatives, the pace and results of our clinical development, regulatory activities, and market conditions. Failure to raise capital as and when needed, on favorable terms or at all, would have a material negative impact on our financial condition and our ability to continue our operations.

We may attempt obtain additional capital through the sale of equity securities in one or more offerings or through issuances of debt instruments, which will likely cause significant dilution to our existing shareholders. We may also consider new collaborations or selectively partnering our technology. However, we cannot provide any assurance that we will be successful in accomplishing any of our plans to obtain additional capital or be able to do so on terms acceptable to us.

Although we are currently exploring various strategic alternatives, these strategic alternatives may not be successful in the next several months prior to our cash position getting to the point that we will need to pursue the winding down and dissolution of the Company. If we do not raise capital or successfully engage a strategic partner in the next several months, we will be forced to cease operations, liquidate our assets and possibly seek bankruptcy protection or engage in a similar process.

Program Development

Our goal is to develop SP-3164 and SP-2577 for treatment of cancers; however, due to limited financial and operational resources our Board of Directors continues to explore strategic alternatives to maximize return for investors, which includes selling or out licensing SP-3164 and/or SP-2577 to a third party. We have significantly reduced costs in both programs. For SP-2577, we plan to evaluate information from the investigator-initiated trial at MDACC and that data to augment our ongoing work in seeking strategic alternatives.

SP-3164 – Targeted Protein Degradation

Our plan has been to develop SP-3164 in high unmet need hematological indications and solid tumors. Our goal was to file an IND application with the U.S. Food and Drug Administration for SP-3164 in the first half of 2023, and begin a Phase 1/2 clinical trial in the second half of 2023, however the lack of funding required us to curtail spending necessary to begin the clinical trial program.

Development of SP-2577 in Ewing Sarcoma Patients

Ewing sarcoma is a devastating pediatric and young adult cancer for which there are no approved targeted therapies. The cause of Ewing sarcoma is a chromosomal translocation involving the Ewing sarcoma breakpoint region 1 (EWSR1) gene and ETS family genes, resulting in expression of a fusion oncoprotein. The resulting oncoprotein has been found to co-localize with LSD1 throughout the genome, making LSD1 an attractive therapeutic target for Ewing sarcoma. Based on data from the National Institute of Health (NIH) and physician collaborators, we believe there are approximately 500 Ewing sarcoma patients diagnosed annually in the United States. Current treatment for Ewing sarcoma consists of an intensive chemotherapy regime, radiation and often disfiguring surgeries. Due to the harshness of current treatment options, children and adolescents often experience long-term side effects such as slowed growth and development, learning problems and an increased risk of developing second cancers. According to published literature, including "Management of recurrent Ewing sarcoma:

challenges and approaches" by David Van Mater and Lars Wagner, patients with overt metastasis (20-30% of patients) or recurrent disease (~20%) have poor prognosis, with less than a 30% chance of experiencing disease-free survival, and there is currently not a standardized treatment available for recurrent Ewing sarcoma. These are the patients that we aim to help.

Expand SP-2577 Market by Pursuing Large Market Indications

As LSD1 can interact with over 60 regulatory proteins other than FET-fusion oncoproteins, we believe that LSD1 may also play a critical role in progression of various other cancer types.

In addition to solid tumors, SP-2577 has shown promising preclinical activity in hematologic cancers. In 2021 we announced the initiation of an MD Anderson Cancer Center sponsored Investigator Initiated Trial studying SP-2577 in combination with azacitidine for the treatment of patients with myelodysplastic syndromes (MDS) or chronic myelomonocytic leukemia (CMML). Myelodysplastic syndromes can progress into Acute Myeloid Leukemia (AML) and data from our ongoing trial could inform development of SP-2577 in hematologic cancers (also referred to as liquid tumors or blood cancer), including AML. The American Cancer Society estimates there were almost 20,000 new cases of AML in the US alone in 2020. MDACC is currently active and enrolling new patients in this investigator initiated clinical trial. We plan to evaluate information from the MDACC trial related to hematological cancers and use that data to augment our ongoing work regarding the consideration of strategic alternatives.

Results of Operations

Three months ended March 31, 2024 Compared to the Three months ended March 31, 2023

The following table sets forth the condensed consolidated results of our operations for the three months ended March 31, 2024 compared to March 31, 2023.

	Three months ended March 31,		$ Change
	2024	2023	
Research and development expenses	$ 243,002	$ 3,725,588	$ (3,482,586)
General and administrative expenses	1,528,613	1,695,075	(166,462)
Interest income, net and other	56,325	79,890	(23,565)
Net loss	**$ (1,715,290)**	**$ (5,340,773)**	**$ 3,625,483**

Research and Development Expenses

Research and development expenses decreased during the three months ended March 31, 2024 compared to the same period in 2023 primarily related to the cost-savings plan including significant reductions in operating personnel implemented beginning during the third quarter of 2023.

	SP-2577		SP-3164	
Research and development costs by candidates and by categories:	Three months ended March 31,			
	2024	2023	2024	2023
Outsourced research and development costs	$ 140,846	$ 712,825	$ 36,537	$ 1,770,124
Employee-related costs	—	540,376	—	50,974
Manufacturing and laboratory costs	15,270	90,822	50,349	560,467
Total research and development costs	**$ 156,116**	**$ 1,344,023**	**$ 86,886**	**$ 2,381,565**

General and Administrative Expenses

General and administrative expenses were $1.5 million during the three months ended March 31, 2024, compared to $1.7 million for the three months ended March 31, 2023. The decrease is related to cost savings plan activities since the third quarter of 2023 including lower personnel cost and a one time reduction of bad debt expense, offset by contracture separation costs of $0.5 million incurred and paid during the period paid in connection with our Company's President and Chief Executive Officer, ending his full-time employment and transitioning to a part-time consultant role, effective February 20, 2024. There were zero separation costs during the first quarter of 2023.

Liquidity and Capital Resources

Overview

Since inception, we have incurred operating losses and we anticipate that we will continue to incur losses for the foreseeable future. In August 2023, we commenced a process to explore and evaluate strategic alternatives to enhance shareholder value, which could result in a fundamental transaction as defined by the warrant agreement. The terms of the outstanding warrants require us, upon the consummation of any fundamental transaction to, among other obligations, cause any successor entity resulting from the fundamental transaction to assume our obligations under the warrants and the associated transaction documents. In addition, holders of warrants are entitled to participate in any fundamental transaction on an as-converted or as-exercised basis, which could result in the holders of our common stock receiving a lesser portion of the consideration from a fundamental transaction. The terms of the warrants could also impede our ability to enter into certain transactions or obtain additional financing in the future. In conjunction with our exploration of strategic alternatives, we are exploring opportunities to extend our resources.

As of March 31, 2024, we had $3.6 million of working capital and our cash and cash equivalents totaled $4.4 million, which were held in bank deposit accounts and a money market account. Our cash and cash equivalents balance decreased during the three months ended March 31, 2024, primarily due to cash used in operating activities and financing activities. As recently announced, our cost savings plan extends our expected cash runway with a goal to provide us time to evaluate and implement strategic alternatives. We believe that our $4.4 million in cash and cash equivalents on hand as of March 31, 2024, is sufficient to fund our current and restructured operations into the first half of 2025.

To provide the maximum degree of financial flexibility, and subject to our exploration of strategic alternatives, we may consider various potential opportunities to fund future operations and/or modulate liquidity needs, including: (i) seeking various strategic transactions, including a merger, licensing arrangement or sale that provide funding for our programs; (ii) entering into one or more collaborations to offset costs; (iii) reducing our expenditures on all business activities and/or restructuring our operations and reducing staff. If we are unable to execute on these activities, we may be forced to evaluate additional alternatives including a wind down of our operations.

We do not expect to generate any revenue from product sales unless and until we obtain regulatory approval for and commercialize our product candidate. At the same time, in connection with our exploration of strategic alternatives, we expect to continue to incur significant expenses and expect that our operating losses may fluctuate significantly from quarter-to-quarter and year-to-year.

To date, we have secured capital from the sale of equity and grant revenue. Until we can generate a sufficient amount of revenue from our products, if ever, we intend, when required, to obtain additional capital through the sale of equity securities in one or more offerings or through issuances of debt instruments. We may also consider new collaborations or selectively partnering our technology. However, we cannot provide any assurance that we will be successful in accomplishing any of our plans to obtain additional capital or be able to do so on favorable terms acceptable to us. If we are unable to obtain additional financing, we may be required to significantly delay, scale back or discontinue the development or commercialization of our product candidate. Furthermore, we may be unable to complete a collaboration, or if we do, we may be forced to relinquish valuable future product rights.

Although we are currently exploring various strategic alternatives, these strategic alternatives may not be successful in the next several months prior to our cash position getting to the point that we will need to pursue the winding down and dissolution of the Company. If we do not raise capital or successfully engage a strategic partner in the next several months, we will be forced to cease operations, liquidate our assets and possibly seek bankruptcy protection or engage in a similar process.

Cash Flows

	Three months ended March 31,	
	2024	**2023**
Net cash (used in) provided by in:		
Operating activities	$ (1,353,955)	$ (3,169,435)
Financing activities	(172,750)	336,682
Net decrease in cash and cash equivalents	$ (1,526,705)	$ (2,832,753)

Operating Activities

Net cash used in operating activities was $1.4 million in the current period, a decrease of approximately $1.8 million from the same period a year ago. The decrease is primarily due to significantly reduced operating expenses during the current quarter compared to the same period last year.

Financing Activities

Net cash used by financing activities for the three months ended March 31, 2024 was $0.2 million, mainly resulting from the repayments on notes payable for D&O insurance. Net cash provided by financing activities for the three months ended March 31, 2023 was $0.3 million, resulting from the Company's sale of common shares under its ATM offering. Please refer to Notes 4 and 7 for more information.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these condensed consolidated financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the condensed consolidated balance sheet and the reported amounts of expenses during the reporting period. In accordance with GAAP, we base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances at the time such estimates are made. Actual results may differ materially from our estimates and judgments under different assumptions or conditions. We periodically review our estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates are reflected in our condensed consolidated financial statements prospectively from the date of the change in estimate.

There have been no material changes to our critical accounting policies from those described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K filed with SEC on March 22, 2024, as amended on April 22, 2024.

Readers should refer to our Annual Report on Form 10-K, Note 2, Basis of Presentation and Significant Accounting Policies to the accompanying financial statements for descriptions of these policies and estimates.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended, and are not required to provide the information under this item.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the

Exchange Act, as of March 31, 2024. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2024, our principal executive officer and principal financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2024, there was no significant change in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any material legal proceedings on the date of this report. We may from time to time become involved in legal proceedings arising in the ordinary course of business, and the resolution of any such claims could be material.

Item 1A. Risk Factors

There have been no material changes in our risk factors set forth in Part I, " Item 1A. Risk Factors" in our 2023 Form 10-K. The risk factors disclosed in Part I, " Item 1A. Risk Factors" in our 2023 Form 10-K could materially adversely affect our business, financial condition, or results of operations. This Quarterly Report on Form 10-Q also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including these risks. Additional risks not currently known or currently material to us may also harm our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

No sales or issuances of unregistered securities occurred that have not previously been disclosed in a Current Report on Form 8-K.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

Item 5.07. Submission of Matters to a Vote of Security Holders.

Salarius Pharmaceuticals, Inc. (the "Company") held a Special Meeting of Stockholders on May 9, 2024 via live webcast (the "Special Meeting"). On March 12, 2024, the record date for the Special Meeting, there were 4,314,433 shares of common stock of the Company (the "Common Stock") issued and outstanding and entitled to vote on the proposals presented at the Special Meeting, of which 2,535,543, or 58.77%, were present in person or voted by proxy, which constituted a quorum. The holders of shares of the Company's Common Stock are entitled to one vote for each share held and cumulative voting is not permitted. The final results of the voting for each matter submitted to a vote of stockholders at the Special Meeting are set forth below:

Proposal No. 1. Reverse Stock Split Proposal

The Company's stockholders approved an amendment to the Company's Certificate of Incorporation, as amended, to effect a reverse stock split of the Company's Common Stock at a ratio in the range of 1:4 to 1:8, as determined by the Company's Board of Directors, (the "Board"), and with such reverse stock split to be effected at such time and date, if at all, as determined by the Board in its sole discretion (the "Reverse Stock Split Proposal"). The voting on this proposal is set forth below:

Vote type	Vote Results
For	2,014,325
Against	510,832
Abstain	10,385
Non Votes	0

Proposal No. 2. Adjournment Proposal

The Company's stockholders approved the adjournment of the Special Meeting, if necessary, if a quorum is present, to solicit additional proxies if there are not sufficient votes to approve the Reverse Stock Split Proposal. The voting on this proposal is set forth below:

Vote type	Vote Results
For	2,182,297
Against	346,546
Abstain	6,700
Non Votes	0

Adjournment of the Special Meeting was not necessary or appropriate because there were sufficient votes in favor of the Reverse Stock Split Proposal.

Item 6. Exhibits

Exhibit number		Description of Document
3.1		Amended and Restated Certificate of Incorporation of the Registrant
3.2		Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant filed with the Secretary of State of Delaware on July 18, 2019
3.3		Certificate of Amendment to the Amended and Restated Certificate of Incorporation filed with the Secretary of State of Delaware on October 14, 2022
3.4		Amended and Restated Bylaws of the Registrant, effective July 19, 2019
3.5		Amendment to Amended and Restated Bylaws of the Registrant, effective April 1, 2022
10.1	(1)+	Separation and Release Agreement, dated February 20, 2024, by and between Salarius Pharmaceuticals, Inc. and David J. Arthur
10.2	(2)+	Consulting Agreement, dated February 20, 2024, by and between Salarius Pharmaceuticals, Inc. and David J. Arthur
10.3	(3)+	Notice of Stock Option Amendment, dated February 20, 2024, by and between Salarius Pharmaceuticals, Inc. and David J. Arthur
10.4	(4)+	Indemnification Agreement, dated February 20, 2024, by and between Salarius Pharmaceuticals, Inc. and David J. Arthur
10.5	(5)+	Amendment to Executive Employment Agreement, dated February 20, 2024, by and between Salarius Pharmaceuticals, Inc. and Mark J. Rosenblum
31.1		Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
31.2		Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934.
32.1*		Certification of Principal Executive Officer and Principal Financial Officer pursuant to Rule 13a-14(b) or 15d-14(b) of the Exchange Act and 18 U.S.C. Section 1350.
101.0		The following materials from Salarius Pharmaceuticals, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in XBRL (eXtensible Business Reporting Language):(i) Unaudited Condensed Consolidated Balance Sheets, (ii) Unaudited Condensed Consolidated Statements of Operations (iii) Unaudited Condensed Consolidated Statements of Stockholders' Equity (Deficit), (iv) Unaudited Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Unaudited Consolidated Financial Statements.
104		Cover Page Interactive Data File (embedded within the inline XBRL document and included in Exhibit 101)

* The material contained in Exhibit 32.1 is not deemed “filed” with the SEC and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filing, except to the extent that the registrant specifically incorporates it by reference.

+ Indicates management contract or compensatory plan.

(1) Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36812), filed with the SEC on February 23, 2024.

(2) Incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-36812), filed with the SEC on February 23, 2024.

(3) Incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-36812), filed with the SEC on February 23, 2024.

(4) Incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 001-36812), filed with the SEC on February 23, 2024.

(5) Incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K (File No. 001-36812), filed with the SEC on February 23, 2024.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SALARIUS PHARMACEUTICALS, INC.

By: /s/ David J. Arthur

David J. Arthur
President and Chief Executive Officer (Principal Executive Officer)

By: /s/ Mark J. Rosenblum

Mark J. Rosenblum
Chief Financial Officer and Executive Vice President of Finance (Principal Financial Officer and Principal Accounting Officer)

Date: May 13, 2024

Exhibit 31.1

Certification Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David J. Arthur, President and Chief Executive Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Salarius Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ David J. Arthur

David J. Arthur

May 13, 2024

President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

Certification Pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a) as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Mark J. Rosenblum, Executive Vice President and Interim Chief Financial Officer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Salarius Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Mark J. Rosenblum

Mark J. Rosenblum

Executive Vice President and Chief Financial Officer

May 13, 2024 (Principal Financial and Accounting Officer)

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Salarius Pharmaceuticals, Inc. (the "Company") for the fiscal period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of their knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David J. Arthur

David J. Arthur

May 13, 2024 President and Chief Executive Officer (Principal Executive Officer)

/s/ Mark J. Rosenblum

Mark J. Rosenblum

Executive Vice President and Chief Financial Officer

May 13, 2024 (Principal Financial Officer and Principal Accounting Officer)