

**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, 2025
- 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
(State or other jurisdiction of
incorporation or organization)

46-5087339
(I.R.S. Employer
Identification Number)

2450 Holcombe Blvd., Suite X, Houston, TX 77021
(Address of principal executive offices)(Zip Code)

(713)913-5608
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 9, 2025, there were 2,127,286 shares of common stock outstanding.

SALARIUS PHARMACEUTICALS, INC.

TABLE OF CONTENTS

	<u>Page</u>	
<u>PART I.</u>	<u>Financial Information</u>	
<u>Item 1.</u>	<u>Financial Statements (Unaudited)</u>	<u>5</u>
	<u>Condensed Consolidated Balance Sheets</u>	<u>5</u>
	<u>Condensed Consolidated Statements of Operations</u>	<u>6</u>
	<u>Condensed Consolidated Statements of Cash Flows</u>	<u>7</u>
	<u>Condensed Consolidated Statements of Stockholders' Equity</u>	<u>8</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>	<u>9</u>
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>18</u>
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>23</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>	<u>23</u>
<u>PART II.</u>	<u>Other Information</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	<u>24</u>
<u>Item 1A.</u>	<u>Risk Factors</u>	<u>24</u>
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>24</u>
<u>Item 3</u>	<u>Defaults Upon Senior Securities</u>	<u>24</u>
<u>Item 4</u>	<u>Mine Safety Disclosures</u>	<u>24</u>
<u>Item 5</u>	<u>Other Information</u>	<u>24</u>
<u>Item 6.</u>	<u>Exhibits</u>	<u>29</u>
<u>SIGNATURES</u>		<u>31</u>

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:

- *our ability to continue as a going concern and support our operations into the later part of the second quarter of 2025;*
- *our expectations regarding the timing, likelihood, expected benefits of, and potential value created by, the proposed merger (the "Merger") between us and Decoy Therapeutics Inc. ("Decoy");*
- *our expectations regarding the satisfaction of certain conditions to the completion of the Merger, including the conditions related to consummation of financing transactions with aggregate minimum proceeds of at least \$6.0 million (the "Qualified Financing"), whether and when the Merger will be consummated and that our common stock remains listed on Nasdaq;*
- *the potential effects of the Merger on the ownership percentages of Decoy's stockholders and Salarius' stockholders in the combined company;*
- *our expectations regarding our clinical trials and any investigator-initiated clinical trials;*
- *our expectations as to revenue, cash flow, and expenses;*
- *our liquidity position, the expected sufficiency of such position for anticipated operating and capital requirements; and*
- *our expectations regarding our ability to regain compliance and 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 regain compliance with the Nasdaq continued listing standards and successfully complete the Merger or obtain additional financing in the near term, the company will need to pursue a dissolution and liquidation of our company;*
 - *the risk that we are delisted from Nasdaq;*
 - *the risk that our stockholders may not realize a benefit from the Merger commensurate with the ownership dilution they will experience in connection with the Merger and the Qualified Financing;*
 - *the Merger consideration may have greater or lesser value at the closing of the Merger than at the time the merger agreement was signed;*
 - *failure to complete the Merger may result in Salarius paying a termination fee or expenses to Decoy and could harm the financial condition and operations of Salarius;*
 - *if the conditions to the Merger are not met, including failure to consummate a Qualified Financing, or failure to comply with the continued listing standards of Nasdaq, the Merger may not occur;*
 - *the timing of the consummation of the Merger is uncertain as is the ability of each of Salarius and Decoy to consummate the Merger;*
 - *the Merger may be completed even though material adverse changes may occur;*
-

- *Salarius may not be able to correctly estimate its operating expenses and its expenses associated with the Merger and may have a significantly lower cash balance on the closing date of the Merger than currently estimated;*
- *Salarius may not be able to maintain its Nasdaq listing following the Merger Closing;*
- *as a result of any adjustments in the exchange ratio and Qualified Financing, Salarius' stockholders may own less of the combined company than is currently anticipated;*
- *the market price of Salarius' common stock may decline following the Merger;*
- *restrictions in the Merger Agreement may prevent Salarius from entering into a business combination with another party at a favorable price;*
- *certain provisions of the Merger Agreement may discourage third parties from submitting alternative takeover proposals, including proposals that may be superior to the arrangements contemplated by the Merger Agreement;*
- *the risk that the Merger, even if it is consummated, may not enhance stockholder value and may create a distraction or uncertainty that may adversely affect our operating results, business or investor perceptions;*
- *the combined company may not be able to raise additional funds when necessary, and/or on acceptable terms;*
- *potential adverse impacts regarding our continued implementation of cost-savings measures designed to extend our expected cash runway;*
- *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 adequacy of our capital to support our future operations;*
- *fluctuations in our operating results; 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, 2024, 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, 2025 (Unaudited)	December 31, 2024 (Audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,798,380	\$ 2,434,528
Prepaid expenses and other current assets	506,706	553,034
Total current assets	2,305,086	2,987,562
Other assets	34,306	35,412
Total assets	\$ 2,339,392	\$ 3,022,974
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,470,671	\$ 936,994
Accrued expenses and other current liabilities	694,625	352,419
Notes payable	112,230	221,866
Total liabilities	2,277,526	1,511,279
Commitments and contingencies (Note 4)		
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; 2,081,839 and 1,441,157 shares issued and outstanding at March 31, 2025 and December 31, 2024, respectively	208	144
Additional paid-in capital	83,694,809	83,435,169
Accumulated deficit	(83,633,151)	(81,923,618)
Total stockholders' equity	61,866	1,511,695
Total liabilities and stockholders' equity	\$ 2,339,392	\$ 3,022,974

See accompanying notes to condensed consolidated financial statements.

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

Three Months Ended
March 31,

	2025	2024
Operating expenses:		
Research and development	\$ 75,532	\$ 243,002
General and administrative	1,643,163	1,528,613
Total operating expenses	<u>1,718,695</u>	<u>1,771,615</u>
Loss before other income (expense)	(1,718,695)	(1,771,615)
Interest income, net	9,162	56,325
Loss from continuing operations	<u>(1,709,533)</u>	<u>(1,715,290)</u>
Net loss	<u>\$ (1,709,533)</u>	<u>\$ (1,715,290)</u>
Loss per common share — basic and diluted (1)	<u>\$ (1.03)</u>	<u>\$ (3.27)</u>
Weighted-average number of common shares outstanding — basic and diluted (1)	<u>1,663,922</u>	<u>524,326</u>

(1) Share and per share amounts have been restated to reflect the 1-for-8 reverse stock split effected in June 14, 2024 on retroactive basis for all periods presented.

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended March 31	
	2025	2024
Operating activities		
Net loss	\$ (1,709,533)	\$ (1,715,290)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,106	1,107
Equity-based compensation expense	33,534	77,508
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	46,328	175,052
Accounts payable	254,645	111,104
Accrued expenses and other current liabilities	192,206	(3,436)
Net cash used in operating activities	<u>(1,181,714)</u>	<u>(1,353,955)</u>
Financing activities		
Proceeds from issuance of equity securities, net	655,202	38
Payments on note payable	<u>(109,636)</u>	<u>(172,788)</u>
Net cash (used in) provided by financing activities	545,566	(172,750)
Net decrease in cash and cash equivalents	(636,148)	(1,526,705)
Cash, cash equivalents and restricted cash at beginning of period	2,434,528	5,899,910
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,798,380</u>	<u>\$ 4,373,205</u>
Supplemental disclosure of cash flow information:		
Non-cash investing and financing activities:		
Cash paid for interest	\$ 4,094	\$ 4,019
Accrued issuance costs for issuance of equity securities	\$ 429,032	\$ —

See accompanying notes to condensed consolidated financial statements.

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

	Common Stock (1)		Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at December 31, 2023	492,304	\$ 49	\$ 81,635,074	\$ (76,347,841)	\$ 5,287,282
Issuance of equity securities, net	47,000	5	33	—	38
Equity-based compensation expense	—	—	77,508	—	77,508
Net loss	—	—	—	(1,715,290)	(1,715,290)
Balance at March 31, 2024	539,304	\$ 54	\$ 81,712,615	\$ (78,063,131)	\$ 3,649,538
Balance at December 31, 2024	1,441,157	\$ 144	\$ 83,435,169	\$ (81,923,618)	\$ 1,511,695
Issuance of equity securities, net	640,682	64	226,106	—	226,170
Equity-based compensation expense	—	—	33,534	—	33,534
Net loss	—	—	—	(1,709,533)	(1,709,533)
Balance at March 31, 2025	2,081,839	\$ 208	\$ 83,694,809	\$ (83,633,151)	\$ 61,866

(1) Share and per share amounts have been restated to reflect the 1-for-8 reverse stock split effected in June 14, 2024 on retroactive basis for all periods presented.

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 that has been focused on developing effective treatments for patients with cancer with high, unmet medical need. Specifically, Salarius has been concentrated on developing treatments for cancers caused by dysregulated gene expression (i.e., genes which are incorrectly turned on or off). Salarius has two classes of drugs that address gene dysregulation: targeted protein inhibitors and targeted protein degraders. Salarius’ technologies have the potential to work in both liquid and solid tumors. Salarius’ 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. On August 8, 2023, the Company announced that it retained Canaccord Genuity, LLC to lead a comprehensive review of strategic alternatives focusing on maximizing stockholder value, including but not limited to, an acquisition, merger, reverse merger, divestiture of assets, licensing, or other strategic transactions involving the Company. In connection with the evaluation of strategic alternatives and in order to extend Company resources, the Company implemented multiple cost-savings plans to extend the Company’s expected cash runway into the later part of the second quarter of 2025.

On January 10, 2025, Salarius entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Decoy Therapeutics MergerSub I, Inc., a Delaware corporation and a wholly owned subsidiary of Salarius (“First Merger Sub”), Decoy Therapeutics MergerSub II, LLC, a Delaware limited liability company and wholly owned subsidiary of Salarius (“Second Merger Sub”), and Decoy. Pursuant to the Merger Agreement, and subject to the satisfaction and waiver of certain conditions set forth in the Merger Agreement, Salarius will combine with Decoy (the “Merger”) by causing First Merger Sub to be merged with and into Decoy, with Decoy surviving the merger as a wholly owned subsidiary of Salarius (the “First Merger”). Immediately following the First Merger, Decoy will merge with and into Second Merger Sub, with Second Merger Sub being the surviving entity and continuing under the name “Decoy Therapeutics, LLC” as a wholly owned subsidiary of Salarius.

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. 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.

If the Company is unable to consummate the Merger or obtain additional capital in the very near term, it will be forced to cease operations, liquidate its assets and pursue the winding down and dissolution of the Company.

Reverse Stock Split

On June 14, 2024, the Company filed a Certificate of Amendment to the Company’s restated certificate of incorporation, as amended, with the Secretary of State of the State of Delaware to effect a 1-for-8 reverse stock split of the Company’s issued and outstanding shares of common stock, par value \$0.0001 per share (the “Reverse Stock Split”) which became effective as of June 14, 2024. All historical share and per share amounts reflected throughout this report have been adjusted to reflect the Reverse Stock Split.

All historical share and per share amounts reflected throughout this report have been adjusted to reflect the Reverse Stock Split.

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, 2024 included elsewhere in the Company's Annual Report on Form 10-K filed with the SEC on March 21, 2025. 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, 2025 and the results of operations for the three months ended March 31, 2025 and 2024. The interim results of operations are not necessarily indicative of the results that may occur for the full fiscal year. The December 31, 2024 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. 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.

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 include 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 118,280 and 1,337,721 shares as of March 31, 2025 and 2024, 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, 2025 and December 31, 2024, 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. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets at March 31, 2025 and December 31, 2024 consisted of the following:

	March 31, 2025	December 31, 2024
Insurance	\$ 158,832	\$ 287,785
Deferred offering cost	286,241	221,580
Other prepaid and current assets	61,633	43,669
Total prepaid expenses and other current assets	\$ 506,706	\$ 553,034

Insurance is mainly comprised of prepaid directors' and officers' insurance. In July 2024, the Company financed its directors and officers' insurance premium with a short term note, the principal amount of which is approximately \$0.4 million bearing interest at a rate of 9.74%. The note payable balance, which was included within Current Liabilities on the Condensed Consolidated Balance Sheet was \$0.1 million and \$0.2 million at March 31, 2025 and December 31, 2024, respectively.

NOTE 4. COMMITMENTS AND CONTINGENCIES

Cancer Prevention and Research Institute of Texas ("CPRIT")

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 5. 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 Salaris' 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 6. STOCKHOLDERS' EQUITY

Common Stock Issuances

On February 5, 2021, the Company entered into an At the Market Offering Agreement ("ATM") with Ladenburg Thalmann & Co. Inc. Under this agreement the Company is able to issue and sell, from time to time, shares of its common stock. During the three months ended March 31, 2025, the Company sold 353,844 shares of common stock in an "at the market offering" with gross proceeds of \$0.4 million. The Company did not sell any shares pursuant to the ATM during the three months ended March 31, 2024.

On December 12, 2024, the Company entered into a securities purchase agreement (the "ELOC Agreement") with C/M Capital Master Fund, LP (the "Purchaser"), pursuant to which the Company, subject to the restrictions and satisfaction of the conditions in the ELOC Agreement, has the right, but not the obligation, to sell to the Purchaser, and the Purchaser is obligated to purchase, up to the lesser of (i) \$10 million of newly issued shares (the "Purchase Shares") of the Company's common stock, \$0.0001 par value per share (the "Common Stock") and (ii) a specified cap dictated by the rules of the Nasdaq Stock Market. As consideration for the Purchaser's execution and delivery of the ELOC Agreement, the Company has agreed to issue to the Purchaser, simultaneously with the delivery of any and all Purchase Shares purchased under the ELOC Agreement, a number of shares of Common Stock equal to one percent (1%) of the number of Purchase Shares actually sold in each sale under the ELOC Agreement (the "Commitment Shares" and, together with the Purchase Shares, the "Securities"). The Company issued 286,772 shares of common stock with proceeds of \$0.7 million during the three months ended March 31, 2025 pursuant to the ELOC Agreement.

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) 41,250 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 413,296 shares of Common Stock, (iii) Series A-1 warrants (the "Series A-1 Warrants") to purchase up to 454,546 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 454,546 shares of Common Stock, at a purchase price of (a) \$13.20 per Share and accompanying Common Stock Warrants and (b) \$13.1992 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. All of the Series A-2 Warrants expired during the fiscal year ended December 31, 2024.

During the three months ended March 31, 2024, the Company issued 47,000 shares of its Common Stock upon the exercise of Pre-Funded Warrants. All of the Pre-Funded Warrants were fully exercised as of December 31, 2024.

Warrants Exercisable for Cash

The Company had 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 initial warrants were exercisable at a price per share of \$230 and expired during the first quarter of 2025. The inducement warrants expire on June 11, 2026, and are exercisable at a price per share of \$236.40. The Company has five-and-one-half-year (5.5) year warrants outstanding that were issued in April 2022, with an exercise price of \$67.98 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 \$11.20 per share, expiring on November 16, 2028. Series A-2 Warrants expired on November 18, 2024. Each Pre-Funded Warrant was sold in lieu of shares of Common Stock, are exercisable immediately upon issuance, have an exercise price of \$0.0008 per share and expire when exercised in full. On January 10, 2025, the Company entered into a Warrant Cancellation Agreement. Pursuant to the agreement, a Series A-1 Common Stock Purchase Warrant exercisable for 454,546 shares of the Company's common stock was canceled in exchange for cash of \$0.35 million. As of March 31, 2025, there were zero A-1 and A-2 warrants outstanding.

In connection with the above mentioned Offering, the Company issued warrants to representatives to purchase up to 31,818 shares of common stock at an exercise price per share of \$16.50 and a term of five and one-half (5.5) years.

As of March 31, 2025 and 2024, approximately 86,661 and 1,308,600 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. In addition, certain of our outstanding warrants provide that, in the event of a fundamental transaction that is approved by our board of directors, the holders of such warrants have the option to require us to pay to such holders an amount of cash equal to the Black-Scholes value of the warrants. Such amount could be significantly more than the warrant holders would otherwise receive if they were to exercise their warrants and receive the same consideration as the other holders of common stock, which in turn could reduce the consideration that holders of common stock would be concurrently entitled to receive in such 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 7. 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. The 2015 Plan expired in accordance with its terms in January 2025 and there are no shares remaining available for the grant of future awards under the 2015 Plan.

During the three-month periods ended March 31, 2025 and 2024, the Company awarded 0 and 18,566 stock options, respectively, 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%

The following table summarizes stock option activity for employees and non-employees for the three months ended March 31, 2025 and

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)
Outstanding at December 31, 2023	11,164	\$ 190.00	7.26
Granted	18,566		
Exercised	—		
Forfeited	735		
Expired	—		
Outstanding at March 31, 2024	30,465	\$ 72.32	8.86
Exercisable at March 31, 2024	8,225	\$ 213.28	6.88
Outstanding at December 31, 2024	31,554	\$ 66.75	7.26
Granted	—	\$ —	
Exercised	—		
Forfeited	—		
Expired	—		
Outstanding at March 31, 2025	31,554	\$ 66.75	8.20
2024: Exercisable at March 31, 2025	25,905	\$ 77.67	7.80

As of March 31, 2025 and 2024, there was approximately \$0.1 million and \$0.3 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 0.28 years.

NOTE 8. SEGMENT REPORTING

The Company has been concentrated on developing treatments for cancers caused by dysregulated gene expression. The 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 does not have any revenue generating products.

For the three months ended March 31, 2025 and 2024, the Company identified one operating and reportable segment relating to its operations. The Company defines its operating segment based on internally reported financial information that is regularly reviewed by the Chief Operating Decision Maker (the "CODM"), its Chief Executive Officer. The CODM reviews the segment's loss based on net loss reported on the consolidated statement of operations.

The Company's CODM views specific categories within research and development expenses and general and administrative expenses as significant given the direct correlation between cash burn as a pre-revenue company. The table below is a summary of the segment loss, including significant segment expenses:

	Three-Month Ended	
	March 31	
	2025	2024
Expenses:		
Research and development:		
SP-3164	21,037	86,886
SP-2577	54,495	156,116
General and administrative:		
Professional services and Consulting	1,233,695	568,465
Personnel cost	251,108	841,441
Facility cost	158,360	118,707
Loss from operations	<u>1,718,695</u>	<u>1,771,615</u>
Interest income, net	9,162	56,325
Net loss	<u>\$ 1,709,533</u>	<u>\$ 1,715,290</u>

NOTE 9. SUBSEQUENT EVENT

On March 26, 2025, the Company received a letter from Nasdaq notifying the Company that, based on the financial statements contained in its Annual Report on Form 10-K for the year ended December 31, 2024, the Company is no longer in compliance with the requirement under Nasdaq Listing Rule 5550(b)(1) to maintain a minimum of \$2.5 million in stockholders' equity for continued listing on The Nasdaq Capital Market (the "Equity Standard"). The letter indicated that we had until May 12, 2025 to either regain compliance with the Equity Standard or submit a plan to Nasdaq to regain compliance with the Equity Standard (a "Compliance Plan"). However, pursuant to Nasdaq listing rule 5810(d)(2), our failure to comply with the Minimum Bid Price Requirement served as a separate and additional reason for delisting and, as such, the Notice indicated that Nasdaq will not entertain a Compliance Plan, and the Company should also address our noncompliance with the Equity Standard before a Hearings Panel if we appeal Nasdaq's determination.

On April 23, 2025, the Company received written notice (the "Notice") from The Nasdaq Stock Market LLC ("Nasdaq") notifying that the Company is not in compliance with Nasdaq listing rule 5550(a)(2) because the closing bid price of our common stock for the last 30 consecutive business days was lower than the minimum bid price requirement of \$1.00 per share (the "Minimum Bid Price Requirement"). Normally, a company would be afforded a 180-calendar day period to demonstrate compliance with the Minimum Bid Price Requirement. However, pursuant to Nasdaq listing rule 5810(c)(3)(A)(iv), the Company is not eligible for any compliance period specified in Nasdaq listing rule 5810(c)(3)(A) because the Company effected a reverse stock split during the prior one-year period.

Accordingly, unless the Company requested an appeal of the delisting determination by April 30, 2025, Nasdaq had determined that our securities will be scheduled for delisting from The Nasdaq Capital Market and would have been suspended at the opening of business on May 2, 2025. In addition, a Form 25-NSE would have been filed with the Securities and Exchange Commission (the "SEC"), which would have removed our securities from listing and registration on The Nasdaq Stock Market.

The Company appealed the delisting determination before April 30, 2025 by requesting an appeal with a Nasdaq Hearings Panel (the "Hearings Panel"). The request for an appeal stayed the suspension of our securities and the filing of the Form 25-NSE pending the Hearings Panel's decision. The Company intends to present our plans to regain compliance with the Minimum Bid Price Requirement and the Equity Standard in connection with our planned merger transaction with Decoy Therapeutics Inc. However, there are no assurances a favorable decision from the Hearing Panel will be obtained or that its securities will remain listed on The Nasdaq Capital Market.

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, 2024, filed with the SEC on March 21, 2025. 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, 2024, 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.

Overview

We are a clinical-stage biopharmaceutical company that has been focused on developing effective treatments for patients with cancer with high, unmet medical need. Specifically, we have been 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, a targeted protein degrader, and (2) seclidemstat (SP-2577), a targeted protein inhibitor. We are located in Houston, Texas. On August 8, 2023, we announced that we retained Canaccord Genuity, LLC to lead a comprehensive review of strategic alternatives focusing on maximizing stockholder value, including but not limited to, an acquisition, merger, reverse merger, divestiture of assets, licensing, or other strategic transactions involving our company.

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 \$83.6 million as of March 31, 2025. 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, 2025, we had cash and cash equivalents of \$1.8 million. During the three month ended March 31, 2025, we sold 353,844 shares of our common stock in an ATM offering with gross proceeds of \$0.4 million and 286,772 shares with gross proceeds of \$0.7 million under the ELOC agreement, respectively.

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 operations and any clinical development activities that we determine to advance and will need such additional capital within the next several months to continue to fund our operations beyond the later part of the second quarter of 2025. The amount and timing of our future funding requirements will depend on many factors, including the result of strategic alternatives process, our ability to raise additional capital on commercially reasonable terms, the pace and results of clinical development 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.

If we do not raise capital 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.

Recent Developments

Entry into Merger Agreement with Decoy Therapeutics, Inc. (“Decoy”)

On August 8, 2023, Salarius announced that it retained Canaccord Genuity, LLC to lead a comprehensive review of strategic alternatives focusing on maximizing stockholder value, including but not limited to, an acquisition, merger, reverse merger, divestiture of assets, licensing, or other strategic transactions involving the company. On January 10, 2025, Salarius entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Decoy Therapeutics MergerSub I, Inc., a Delaware corporation and a wholly owned subsidiary of Salarius (“First Merger Sub”), Decoy Therapeutics MergerSub II, LLC, a Delaware limited liability company and wholly owned subsidiary of Salarius (“Second Merger Sub”), and Decoy. Pursuant to the Merger Agreement, Salarius will combine with Decoy (the “Merger”) by causing First Merger Sub to be merged with and into Decoy, with Decoy surviving the merger as a wholly owned subsidiary of Salarius (the “First Merger”). Immediately following the First Merger, Decoy will merge with and into Second Merger Sub, with Second Merger Sub being the surviving entity and continuing under the name “Decoy Therapeutics, LLC” as a wholly owned subsidiary of Salarius.

The Merger is structured as a stock-for-stock transaction pursuant to which all of Decoy’s outstanding equity interests will be exchanged based on an exchange ratio for consideration of a combination of (a) shares of Salarius’ common stock par value \$0.0001 (the “Common Stock”) in an amount up to (i) 19.9% of Salarius’ total shares outstanding as of January 10, 2025 minus (ii) any shares of Salarius Common Stock issued in any private placement between January 10, 2025 and the effective time of the First Merger (the “First Effective Time”), and (b) shares of Series A Preferred Stock, which is a newly designated series of preferred stock (“Preferred Stock”) that is intended to have economic rights equivalent to the Common Stock, but with only limited voting rights, in addition to the assumption of outstanding and unexercised stock options to purchase shares of Common Stock from the Decoy Therapeutics Inc. 2020 Equity Incentive Plan. The number of shares of Common Stock to be issued at Merger Closing (as defined below) and the number of shares of Common stock underlying the Series A Preferred Stock to be issued at closing of the Merger (the “Merger Closing”) is based on an exchange ratio which assumes a base value of \$28.0 million for Decoy and \$4.6 million for Salarius, subject in each case to adjustment based on the balance sheet cash available to each of Salarius and Decoy at Merger Closing (excluding any proceeds raised the “Qualified Financing,” as defined below). Based on these relative values, before taking into account the dilutive effects of the Qualified Financing, Salarius’ legacy stockholders would retain approximately 14.1% of Salarius on an as-converted-to-common basis and, after giving effect to the exchange ratio and the conversion of the Series A Preferred Stock, Decoy stockholders would own approximately 85.9% of Salarius.

The rights of the Series A Preferred Stock will be set forth in a Certificate of Designation of Preferences, Rights and Limitations that Salarius will file with the Secretary of State of the State of Delaware (the “Certificate of Designation”). The Certificate of Designation provides that the preferred stock will be convertible into shares of Common Stock on a 1-for-1000 basis, subject to stockholder approval. The Merger was approved by Salarius’ board of directors and the board of directors of Decoy, and currently not closed. In addition, following the consummation of the Merger, Salarius has agreed to call a special stockholder meeting to approve (i) the conversion of the preferred stock to be issued at Merger Closing into shares of Common Stock (the “Conversion Proposal”), (ii) a new equity incentive plan in form reasonably agreed to by the parties (the “Equity Plan Proposal”), and (iii) if necessary and advisable, a reverse stock split in a ratio to be approved by Salarius’ board of directors (the “Reverse Stock Split Proposal” and together with the Conversion Proposal and the Equity Plan Proposal, the “Company Stockholder Matters”).

The Merger Agreement contains customary representations and warranties by each of Salarius and Decoy, as well as covenants relating to operating each respective business in the ordinary course prior to Merger Closing. The Merger Closing is conditioned upon, among other things, minimum proceeds from future offerings of at least \$6.0 million (collectively, the “Qualified Financing”) and the continued listing of Salarius Common Stock on Nasdaq. On January 17, 2025, Nasdaq notified Salarius that the proposed transaction with Decoy constitutes a business combination that will result in a “Change of Control” pursuant to Listing Rule 5110(a) and, accordingly, the post-transaction entity will be required to satisfy all of Nasdaq’s initial listing criteria and to complete Nasdaq’s initial listing process, including the payment of all applicable fees. Salarius intends to commence the process prior to seeking the Company’s stockholder approval for the issuance of 20% or more of the Company’s pre-transaction

shares and must complete the process prior to the conversion of the preferred shares issued at the Merger Closing into shares of common stock of the Company.

In connection with the execution of the Merger Agreement, Salarius entered into stockholder support agreements (the “Saliarius Support Agreements”) with certain of its officers and directors, who collectively own an aggregate of approximately 1.38% of the outstanding shares of the Common Stock. The Saliarius Support Agreements provide that, among other things, each of the parties thereto has agreed to vote or cause to be voted all of the shares of Common Stock owned by such stockholder in favor of the Company Stockholder Matters at a special or annual meeting of Salarius’ stockholders to be held in connection therewith. In addition, Decoy officers and directors, in their capacities as stockholders of Decoy, entered into stockholder support agreements (the “Decoy Support Agreements”) with Decoy. The Decoy Support Agreements provide that, among other things, each of the parties thereto has agreed to vote or cause to be voted all of the shares of Common Stock owned by such stockholder in favor of the proposed Merger.

Concurrently and in connection with the execution of the Merger Agreement, certain Decoy officers and directors, and certain of Salarius’ directors and officers entered into lock-up agreements with Salarius and Decoy, pursuant to which each such stockholder will be subject to a 180-day lockup on the sale or transfer of shares of Common Stock held by each such stockholder at the Merger Closing, including those shares received by Decoy stockholders in the Merger.

Although we have entered into the Merger Agreement and intend to consummate the Merger, there is no assurance that we will be able to successfully consummate the Merger on a timely basis, or at all. If, for any reason, the Merger does not close, our board of directors may elect to, among other things, attempt to complete another strategic transaction like the Merger, attempt to sell or otherwise dispose of our various assets, resume our research and development activities and continue to operate our business or dissolve and liquidate our assets. If we decide to dissolve and liquidate our assets, we would be required to pay all of our debts and contractual obligations, and to set aside certain reserves for potential future claims, and there can be no assurances as to the amount or timing of available cash left, if any, to distribute to stockholders after paying our debts and other obligations and setting aside funds for reserves. If we were to continue our business, we would need to raise a substantial amount of cash to fund ongoing operations and future development activities for our existing product candidates and any new product candidates that we acquire.

Warrant Cancellation Agreement

On January 10, 2025, Salarius entered into a Warrant Cancellation Agreement (the “Warrant Cancellation Agreement”) with an accredited investor. Salarius previously issued to the investor a Series A-1 Common Stock Purchase Warrant to purchase 454,546 shares of its common stock pursuant to the offering described in Salarius’ Current Report on Form 8-K filed with the Securities and Exchange Commission (“SEC”) on May 16, 2023 (the “Warrant”). Pursuant to the Warrant Cancellation Agreement, on January 10, 2025, Salarius paid the investor an aggregate amount in cash of \$350,000 in exchange for the surrender and cancellation of the Warrant.

Securities ELOC Agreement

On December 12, 2024, Salarius entered into a securities purchase agreement (the “ELOC Agreement”) with C/M Capital Master Fund, LP (the “Purchaser”), pursuant to which Salarius, subject to the restrictions and satisfaction of the conditions in the ELOC Agreement, has the right, but not the obligation, to sell to the Purchaser, and the Purchaser is obligated to purchase, up to the lesser of (i) \$10 million of newly issued shares (the “Purchase Shares”) of Salarius’ common stock and (ii) the Exchange Cap (as defined in the ELOC Agreement). As consideration for the Purchaser’s execution and delivery of the ELOC Agreement, Salarius has agreed to issue to the Purchaser, simultaneously with the delivery of any and all Purchase Shares purchased under the ELOC Agreement, a number of shares of Salarius common stock equal to one percent (1%) of the number of Purchase Shares actually sold in each sale under the ELOC Agreement.

Between January 13, 2025 and March 7, 2025, Salarius issued and sold 283,933 Purchase Shares to the Purchaser pursuant to the ELOC Agreement at a weighted average exercise price of \$2.61 for an aggregate purchase price of \$740,500. These issuances and sales were made following written notice delivered by Salarius to Investor, directing Investor to purchase the Purchase Shares. Salarius also issued 2,839 shares of its common stock to the Purchaser as commitment shares pursuant to the terms of the ELOC Agreement.

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 \$81.9 million as of December 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.

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 may need such additional capital sooner than 12 months. As of December 31, 2024, we had cash and cash equivalents of \$2.4 million. Accordingly, we will need to raise substantial additional capital to continue to fund our operations beyond the later part of the second quarter of 2025. The amount and timing of our future funding requirements will depend on many factors, including the result of our strategic alternatives process, our ability to raise additional capital on commercially reasonable terms, the pace and results of clinical development activities, and market conditions. Failure to raise capital as and when needed, on favorable terms or at all, would have a negative impact on our financial condition and our ability to continue our operations.

Nasdaq Delisting Notice

On April 23, 2025, we received written notice (the "Notice") from The Nasdaq Stock Market LLC ("Nasdaq") notifying us that we are not in compliance with Nasdaq listing rule 5550(a)(2) because the closing bid price of our common stock for the last 30 consecutive business days was lower than the minimum bid price requirement of \$1.00 per share (the "Minimum Bid Price Requirement"). Normally, a company would be afforded a 180-calendar day period to demonstrate compliance with the Minimum Bid Price Requirement. However, pursuant to Nasdaq listing rule 5810(c)(3)(A)(iv), we are not eligible for any compliance period specified in Nasdaq listing rule 5810(c)(3)(A) because we effected a reverse stock split during the prior one-year period.

In addition, as previously disclosed, on March 26, 2025, we received a letter from Nasdaq notifying us that, based on the financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2024, we are no longer complied with the requirement under Nasdaq Listing Rule 5550(b)(1) to maintain a minimum of \$2.5 million in stockholders' equity for continued listing on The Nasdaq Capital Market (the "Equity Standard"). The letter indicated that we had until May 12, 2025 to either regain compliance with the Equity Standard or submit a plan to Nasdaq to regain compliance with the Equity Standard (a "Compliance Plan"). However, pursuant to Nasdaq listing rule 5810(d)(2), our failure to comply with the Minimum Bid Price Requirement served as a separate and additional reason for delisting and, as such, the Notice indicated that Nasdaq will not entertain a Compliance Plan, and we should also address our noncompliance with the Equity Standard before a Hearings Panel if we appeal Nasdaq's determination.

Accordingly, unless we requested an appeal of the delisting determination by April 30, 2025, Nasdaq had determined that our securities will be scheduled for delisting from The Nasdaq Capital Market and would have been suspended at the opening of business on May 2, 2025. In addition, a Form 25-NSE would have been filed with the Securities and Exchange Commission (the "SEC"), which would have removed our securities from listing and registration on The Nasdaq Stock Market.

We appealed the delisting determination on or before April 30, 2025 by requesting an appeal with a Nasdaq Hearings Panel (the "Hearings Panel"). The request for an appeal stayed the suspension of our securities and the filing of the Form 25-NSE pending the Hearings Panel's decision. We intend to present our plans to regain compliance with the Minimum Bid Price Requirement and the Equity Standard in connection with our planned merger transaction with Decoy Therapeutics Inc. However, there are no assurances a favorable decision from the Hearing Panel will be obtained or that our securities will remain listed on The Nasdaq Capital Market.

Results of Operations

Three months ended March 31, 2025 Compared to the Three months ended March 31, 2024

The following table sets forth the condensed consolidated results of our operations for the three months ended March 31, 2025 compared to March 31, 2024.

	Three months ended March 31,		\$ Change
	2025	2024	
Research and development expenses	\$ 75,532	\$ 243,002	\$ (167,470)
General and administrative expenses	1,643,163	1,528,613	114,550
Interest income, net and other	9,162	56,325	(47,163)
Net loss	\$ 1,709,533	\$ 1,715,290	\$ (5,757)

Research and Development Expenses

Research and development expenses decreased during the three months ended March 31, 2025 compared to the same period in 2024 primarily related to the cost-savings plan implemented in the third quarter of 2023 which included a significant reduction in operating personnel. Lower research and development expenses will continue in 2025 as we have curtailed our sponsored clinical trials and intend to rely on clinical trial data from the investigator-initiated clinical trial conducted by MD Anderson Cancer Center before assessing next steps in our clinical development plans.

Research and development costs by candidates and by categories:	SP-2577		SP-3164	
	Three months ended March 31,			
	2025	2024	2025	2024
Outsourced research and development costs	\$ 44,785	\$ 140,846	\$ —	\$ 36,537
Manufacturing and laboratory costs	9,710	15,270	21,037	50,349
Total research and development costs	\$ 54,495	\$ 156,116	\$ 21,037	\$ 86,886

General and Administrative Expenses

General and administrative expenses were \$1.6 million during the three months ended March 31, 2025, compared to \$1.5 million for the three months ended March 31, 2024. The increase is related to higher professional expense associated with the Merger that offset by personnel cost, insurance expense, and facility costs.

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. We have not generated any cash inflows from product sales. We do not know when, or if, we will generate any revenue from product sales. We do not expect to generate any revenue from product sales unless and until we obtain regulatory approval for and commercializes any of our product candidates, all of which are in early stages of development. We have curtailed expenses and plan to use our two remaining full time employees and consultants to continue our operations.

As of March 31, 2025, cash and cash equivalents totaled \$1.8 million, which were held in bank deposit accounts and a money market account. Working capital totaled \$0.03 million as of March 31, 2025. Our cash and cash equivalents balance decreased during the three months ended March 31, 2025, primarily due to cash used in operating activities offsetting buy the cash received from financing activities. We believe that our \$1.8 million in cash and cash equivalents on hand as of March 31, 2025 is sufficient to fund our current and restructured operations into the later part of the second quarter of 2025. Our stockholders' equity balance was \$0.1 million at March 31, 2025. If for any reason the Merger does not close in the next few months, we would need to raise additional capital to continue to fund the further development of product candidates and our operations. If we are unable to maintain sufficient financial resources, our business, financial condition and results of operations will be materially and adversely affected. Additionally, equity or debt financings may have a dilutive effect on the holdings of our existing stockholders. We have curtailed expenses and plan to use our two remaining full time employees and consultants to continue our operations. As a result, if we are unable to complete the Merger in the next few months, we will likely need to conduct a wind down of our operations.

Cash Flows

	Three months ended March 31,	
	2025	2024
Net cash (used in) provided by in:		
Operating activities	\$ (1,181,714)	\$ (1,353,955)
Financing activities	545,566	(172,750)
Net decrease in cash and cash equivalents	\$ (636,148)	\$ (1,526,705)

Operating Activities

Net cash used in operating activities was \$1.2 million in the current period, a decrease of approximately \$0.2 million from the same period a year ago. The decrease is primarily due to lower operating expenses during the current period compared to the same period last year, and higher accounts payable and accrued expenses balances in the current period.

Financing Activities

Net cash provided by financing activities for the three months ended March 31, 2025 was \$0.5 million, mainly resulting from the Company's sale of common shares under the ATM and ELOC program offset by the repayments on notes payable for D&O insurance. Net cash used by financing activities for the three months ended March 31, 2024 was \$(0.2) million, mainly resulting from the Company's repayments on notes payable for D&O insurance.

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 21, 2025.

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, 2025. 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, 2025, 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, 2025, 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

Except as set forth below, there have been no material changes in our risk factors set forth in Part I, “Item 1A. Risk Factors” in our 2024 Form 10-K. The risk factors disclosed in Part I, “Item 1A. Risk Factors” in our 2024 Form 10-K as supplemented by the risk factors below 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.

If a Qualified Financing and the Merger are not completed in the next few months, Salarius will not be able to otherwise source adequate liquidity to fund its operations, meet its obligations, and continue as a going concern. Salarius’ board of directors will likely decide to pursue a dissolution and liquidation of Salarius. In such an event, there can be no assurances as to the amount or timing of available cash left, if any, to distribute to its stockholders after paying its debts and other obligations and setting aside funds for reserves.

While Salarius has entered into the Merger Agreement with Decoy, the Merger Closing may be further delayed or may not occur at all and there can be no assurance that the Merger will deliver the anticipated benefits Salarius expects or enhance stockholder value. If the Merger is not completed and the Merger Agreement is terminated under certain circumstances, Salarius may be required to pay Decoy a termination fee of \$300,000. Even if a termination fee is not payable in connection with a termination of the Merger Agreement, Salarius will have incurred significant fees and expenses, which must be paid whether or not the Merger is completed.

Salarius does not currently have adequate financial resources to fund its forecasted operating costs for at least twelve months from the filing of this prospectus. As of March 31, 2025, Salarius’ cash and cash equivalents totaled approximately \$1.8 million, which were held in bank deposit accounts and a money market account. As a result, Salarius believes its existing cash resources are sufficient to meet its anticipated needs into the later part of the second quarter of 2025. If for any reason the Merger does not close in the next few months, Salarius would need to raise additional capital to continue to fund the further development of its product candidates and its operations thereafter. Salarius has based its cash sufficiency estimates on its current business plan and its assumptions may prove to be wrong. Salarius could utilize its available capital resources sooner than it currently expects, and it could need additional funding sooner than currently anticipated. Additionally, the process of advancing early stage product candidates and testing product candidates in clinical trials is costly, and the timing of progress in these clinical trials is uncertain. Even if Salarius raises sufficient funds and decides to continue the development of its product candidates, its ability to successfully transition to profitability will be dependent upon

achieving a level of product sales adequate to support its cost structure. Salarius cannot assure you that it will ever be profitable or generate positive cash flow from operating activities.

Failure to secure any necessary financing in a timely manner and on favorable terms or the failure of the proposed Merger to be consummated in a timely manner would require Salarius to further delay or abandon any potential future clinical development plans. If, for any reason, the Merger does not close, the Salarius board of directors may elect to, among other things, attempt to complete another strategic transaction like the Merger, attempt to sell or otherwise dispose of the various assets of Salarius, resume its research and development activities and continue to operate the business of Salarius. Any of these alternatives would be costly and time-consuming and would require that Salarius obtain additional funding. Salarius expects that it would be difficult to secure financing in a timely manner, on favorable terms or at all. Salarius can make no assurances that it would be able to obtain additional financing or find a partner and close an alternative transaction on terms that are as favorable or more favorable than the terms set forth in the Merger Agreement or that any such alternatives are possible or would be successful, if pursued. To the extent that Salarius seeks and is able to raise additional capital through the sale of equity or convertible debt securities, Salarius' stockholders' ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect their rights as a common stockholder. Debt financing or preferred equity financing, if available, may involve agreements that include covenants limiting or restricting Salarius' ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If Salarius raises funds through strategic transactions or marketing, distribution, or licensing arrangements with third parties, Salarius may have to relinquish valuable rights to its technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to it. Even if Salarius is able to pursue such alternatives, the failure to complete the Merger may result in negative publicity and/or a negative impression of Salarius in the investment community, could significantly harm the market price of Salarius common stock and may affect Salarius' relationship with employees and other partners in the business community.

If the Salarius board of directors were to decide to dissolve and liquidate Salarius' assets, Salarius would be required to pay all of its debts and contractual obligations, and to set aside certain reserves for potential future claims, and there can be no assurances as to the amount or timing of available cash left, if any, to distribute to stockholders after paying its debts and other obligations and setting aside funds for reserves. In addition, Salarius may be subject to litigation or other claims related to a dissolution and liquidation. If a dissolution and liquidation were pursued, the Salarius board of directors, in consultation with its advisors, would need to evaluate these matters and make a determination about a reasonable amount to reserve. Accordingly, Salarius' stockholders would likely lose all or a significant portion of their investment in the event of a liquidation, dissolution or winding up of Salarius.

Salarius does not believe that its current expenses are indicative of the costs it may incur in the future in connection with the development and commercialization of any product candidate if it consummates the Merger or raises additional capital to continue its operations. Salarius' future funding requirements will depend on many factors, including:

- its ability to consummate the Merger with Decoy;
- the scope, rate of progress and cost of its preclinical and clinical trials for any product candidate in its future pipeline and results of future clinical trials;
- the cost and timing of regulatory filings and approvals for any product candidates that successfully complete clinical trials;
- the timing and nature of any strategic transactions that Salarius undertakes, including potential partnerships;
- the effect of competing technological and market developments;
- the cost incurred in responding to actions by activist stockholders; and
- the cost of filing, prosecuting, defending and enforcing its intellectual property rights.

In addition, the amounts available under Salarius' shelf registration statement on Form S-3 will be significantly limited as long as Salarius' public float remains below \$75 million, which, given its currently depressed stock price, limits its ability to obtain meaningful funding through a shelf registration statement at this time, although Salarius could still raise funds through a registration statement on Form S-1 or through private placements.

As such, there is uncertainty regarding Salarius' ability to maintain liquidity sufficient to operate its business effectively, which raises substantial doubt about its ability to continue as a going concern.

Salarius' common stock is subject to delisting from Nasdaq, which would seriously harm the liquidity of Salarius' common stock and its ability to raise capital or complete a strategic transaction.

Salarius' common stock is currently listed on the Nasdaq Capital Market ("Nasdaq"). To maintain its listing on Nasdaq, Salarius is required to maintain: (i) a minimum bid price of \$1.00 per share; (ii) a market value of publicly held securities of \$1 million; (iii) a certain number of round lot stockholders; and (iv) one of the following: a net income from continuing operations (in the latest fiscal year or two of the three last fiscal years) of at least \$500,000, a market value of listed securities of at least \$35 million or a stockholders' equity of at least \$2.5 million (the "Stockholders' Equity Requirement"). Nasdaq has the authority to delist Salarius' common stock if Salarius fails to maintain these minimum requirements. In addition, Nasdaq may delist Salarius if, based on Nasdaq's review of Salarius' operations and pursuant to Nasdaq Listing Rule 5101, Nasdaq believes that Salarius is a "public shell" and that the continued listing of its securities is no longer warranted. Salarius has no current plans to delist its shares of common stock from Nasdaq. However, following the decision to close the clinical development of secidemstat for Ewing sarcoma, Salarius may be treated as a public shell under Nasdaq rules. Although Nasdaq evaluates whether a listed company is a public shell company based on a facts and circumstances determination, a Nasdaq-listed company with no or nominal operations and either no or nominal assets, assets consisting solely of cash and cash equivalents, or assets consisting of any amount of cash and cash equivalents and nominal other assets is generally considered to be a public shell company. Listed companies determined to be public shell companies by Nasdaq may be subject to delisting proceedings or additional and more stringent listing criteria.

On April 23, 2025, Salarius received written notice (the "Notice") from The Nasdaq Stock Market LLC ("Nasdaq") notifying the Company that it is not in compliance with Nasdaq listing rule 5550(a)(2) because the closing bid price of the Company's common stock for the last 30 consecutive business days was lower than the minimum bid price requirement of \$1.00 per share (the "Minimum Bid Price Requirement"). Normally, a company would be afforded a 180-calendar day period to demonstrate compliance with the Minimum Bid Price Requirement. However, pursuant to Nasdaq listing rule 5810(c)(3)(A)(iv), the Company is not eligible for any compliance period specified in Nasdaq listing rule 5810(c)(3)(A) because the Company has effected a reverse stock split during the prior one-year period.

In addition, as previously disclosed, on March 26, 2025, the Company received a letter from Nasdaq notifying the Company that, based on the financial statements contained in its Annual Report on Form 10-K for the year ended December 31, 2024, the Company no longer complied with the requirement under Nasdaq Listing Rule 5550(b)(1) to maintain a minimum of \$2.5 million in stockholders' equity for continued listing on The Nasdaq Capital Market (the "Equity Standard"). The letter indicated that the Company had until May 12, 2025 to either regain compliance with the Equity Standard or submit a plan to Nasdaq to regain compliance with the Equity Standard (a "Compliance Plan"). However, pursuant to Nasdaq listing rule 5810(d)(2), the Company's failure to comply with the Minimum Bid Price Requirement serves as a separate and additional reason for delisting and, as such, the Notice indicates that Nasdaq will not entertain a Compliance Plan, and the Company should also address the Company's noncompliance with the Equity Standard before a Hearings Panel if the Company appeals Nasdaq's determination.

Accordingly, unless the Company requested an appeal of the delisting determination by April 30, 2025, Nasdaq had determined that the Company's securities would have been scheduled for delisting from The Nasdaq Capital Market and suspended at the opening of business on May 2, 2025. In addition, a Form 25-NSE would have been filed with the Securities and Exchange Commission (the "SEC"), which would have removed the Company's securities from listing and registration on The Nasdaq Stock Market.

The Company appealed the delisting determination on or before April 30, 2025 by requesting an appeal with a Nasdaq Hearings Panel (the "Hearings Panel"). The request for an appeal stayed the suspension of the Company's securities and the filing of the Form 25-NSE pending the Hearings Panel's decision. The Company intends to present its plans to regain compliance with the Minimum Bid Price Requirement and the Equity Standard in connection with the Company's planned merger transaction with Decoy Therapeutics Inc. However, there are no assurances a favorable decision from the Hearing Panel will be obtained or that the Company's securities will remain listed on The Nasdaq Capital Market.

If Salarius' common stock is delisted from Nasdaq, whether because Nasdaq determines Salarius is a "public shell" or Salarius fails to maintain compliance with the continued listed requirements, or otherwise, Salarius' securities may qualify for trading over-the-counter ("OTC"), in the United States on a market colloquially referred to as the "Pink Sheets." Securities quoted on OTC are generally subject to lesser requirements than securities listed for

trading on a U.S. national stock exchange, such as Nasdaq, including reduced corporate governance and public reporting standards. If Nasdaq should delist Salarius' common stock from trading, a reduction in some or all of the following may occur, each of which could have a material adverse effect on holders of Salarius' common stock: the liquidity of the common stock; the market price of the common stock; the number of institutional and general investors that will consider investing in the common stock; the number of investors in general that will consider investing in the common stock; the number of market makers in the common stock; the availability of information concerning the trading prices and volume of the common stock; and the number of broker-dealers willing to execute trades in the common stock. In addition to the foregoing, there are certain consequences under the Securities Act of 1933, as amended (the "Securities Act"), of being a public shell company, including the unavailability of Rule 144 thereunder for the resale of restricted securities and the inability to utilize Form S-8 for the registration of employee benefit plan securities.

In addition, if Salarius ceases to be eligible to trade on Nasdaq, Salarius may have to pursue trading on a less recognized or accepted market, such as the over the counter markets, Salarius' stock may be traded as a "penny stock" which would make transactions in Salarius stock more difficult and cumbersome, and Salarius may be unable to access capital on favorable terms or at all, as companies trading on alternative markets may be viewed as less attractive investments with higher associated risks, such that existing or prospective institutional investors may be less interested in, or prohibited from, investing in our common stock. This may also cause the market price of Salarius' common stock to further decline.

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

On December 12, 2024, Salarius entered into a securities purchase agreement (the "ELOC Agreement") with C/M Capital Master Fund, LP (the "Purchaser"), pursuant to which Salarius, subject to the restrictions and satisfaction of the conditions in the ELOC Agreement, has the right, but not the obligation, to sell to the Purchaser, and the Purchaser is obligated to purchase, up to the lesser of (i) \$10 million of newly issued shares (the "Purchase Shares") of Salarius' common stock and (ii) the Exchange Cap (as defined in the ELOC Agreement). As consideration for the Purchaser's execution and delivery of the ELOC Agreement, Salarius has agreed to issue to the Purchaser, simultaneously with the delivery of any and all Purchase Shares purchased under the ELOC Agreement, a number of shares of Salarius common stock equal to one percent (1%) of the number of Purchase Shares actually sold in each sale under the ELOC Agreement.

In the Purchase Agreement, the Purchaser represented to the Company, among other things, that it is an "accredited investor" (as such term is defined in Rule 501(a)(3) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act")). The securities are being issued and sold by the Company to the Purchaser in reliance upon the exemptions from the registration requirements of the Securities Act afforded by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder. The securities may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Between January 13, 2025 and March 7, 2025, Salarius issued and sold 283,933 Purchase Shares to the Purchaser pursuant to the ELOC Agreement at a weighted average exercise price of \$2.61 for an aggregate purchase price of \$740,500. These issuances and sales were made following written notice delivered by Salarius to Investor, directing Investor to purchase the Purchase Shares. Salarius also issued 2,839 shares of its common stock to the Purchaser as commitment shares pursuant to the terms of the ELOC Agreement.

Other than as described above or as previously disclosed on our Current Reports on Form 8-K or Quarterly Reports on Form 10-Q filed with the SEC, we did not issue any unregistered equity securities during the three months ended March 31, 2025.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit number	Description of Document
2.1	Agreement and Plan of Merger, dated as of January 10, 2025, by and among the Registrant, Decoy Therapeutics Inc., Decoy Therapeutics MergerSub I, Inc. and Decoy Therapeutics MergerSub II, LLL. (incorporated by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 13, 2025).
3.1	Amended and Restated Certificate of Incorporation of the Registrant, incorporated by reference to Exhibit 3.1 of the Form 8-K filed on February 9, 2015
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, incorporated by reference to Exhibit 3.1 of the Form 8-K filed on July 22, 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, incorporated by reference to Exhibit 3.1 of the Form 8-K filed on October 14, 2022
3.4	Amended and Restated Bylaws of the Registrant, effective July 19, 2019, incorporated by reference to Exhibit 3.2 of the Form 8-K filed on July 22, 2019
3.5	Amendment to Amended and Restated Bylaws of the Registrant, effective April 1, 2022, incorporated by reference to Exhibit 3.1 of the Form 8-K filed on April 1, 2022
3.6	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Saliarius Pharmaceuticals, Inc., effective June 14, 2024, incorporated by reference to Exhibit 3.1 of the Form 8-K filed on June 14, 2024
3.7	Form of Certificate of Designation of Series A Non-Voting Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 13, 2025)
10.1	Form of Saliarius Support Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the SEC on January 13, 2025).
10.2	Form of Decoy Support Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the SEC on January 13, 2025).
10.3	Form of Lock-Up Agreement (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the SEC on January 13, 2025).
10.4	Warrant Cancellation Agreement, dated as of January 10, 2025, by and among the Registrant and an Investor (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the SEC on January 13, 2025).
10.5+	Amendment 1 to Consulting Agreement, effective February 20, 2024, by and between the Registrant and David J. Arthur (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2024 filed with the SEC on March 21, 2025).
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 Saliarius Pharmaceuticals, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2025, 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.

+ Management contract or compensatory plans or arrangements.

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 14, 2025

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
President and Chief Executive Officer
(Principal Executive Officer)

May 14, 2025

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
(Principal Financial and Accounting Officer)

May 14, 2025

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, 2025 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.

May 14, 2025

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

May 14, 2025

/s/ Mark J. Rosenblum
Mark J. Rosenblum
Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)