May 17, 2023

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Brad Sorensen, CFA
312-265-9574
bsorensen@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

Salarius Pharma (SLRX-NASDAQ)

SLRX: A Company Fighting Cancer in Two Ways

SLRX is a clinical-stage biotechnology company developing treatments for patients with cancer that have few options. We are valuing SLRX at $6.75 per share using the comparable value based on companies with similar characteristics.

Current Price (05/16/23)	$1.40
Valuation	**$6.75**

OUTLOOK

Salarius Pharmaceuticals is a clinical-stage biotechnology company focused on developing treatments for patients that have cancers with few treatment options available. The company is uniquely pursuing two lines of treatment that have the potential to treat a wide range of cancers.

The company has trials that are about to restart after being cleared to do so by the FDA and has cash available to push the process forward and has been granted beneficial designations by the FDA.

SUMMARY DATA

52-Week High	**$6.25**
52-Week Low	**$1.13**
One-Year Return (%)	**-68.87**
Beta	**0.96**
Average Daily Volume (sh)	**258,824**
Shares Outstanding (mil)	**5**
Market Capitalization ($mil)	**$6**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**N/A**
Insider Ownership (%)	**2**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2023 Estimate	**N/A**
P/E using 2024 Estimate	
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small-Value**
Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	0 A	0 A	0 A	0 A	0 A
2023	0 A	0 E	0 E	0 E	0 E
2024	0 E	0 E	0 E	0 E	0 E
2025	0 E	0 E	0 E	0 E	0 E

Earning per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	N/A	N/A	N/A	N/A	-14.88A
2023	-$2.23 A	-$1.03 E	-$0.87 E	-$0.73 E	-$4.86 E
2024	-$0.65 E	-$0.62 E	-$0.63 E	-$0.62 E	-$2.52 E
2025	-$0.60 E	-$0.55 E	-$0.55 E	-$0.50 E	-$2.20 E

© Copyright 2023, Zacks Investment Research. All Rights Reserved.

Update

- In the days following the release of the below initiation report, SLRX announced a private placement involving 3,636,364 shares and prefunded warrants and an additional 3,636,364 warrants, netting the company proceeds, before expenses, of approximately $6 million. The price target and estimates have been adjusted to reflect this issuance of shares.

Zacks is initiating coverage of Salarius Pharmaceuticals (SLRX) with a price target of $6.75 per share. Salarius is a clinical-stage biopharmaceutical company focused on developing treatment for cancers with a lack of treatment options and having a high, unmet need. While there are various companies pursuing the same goal, and we are hoping all of them succeed, we are excited about the approach that Salarius is taking and that the company is pursuing two types of potential treatment, protein inhibition and protein degradation. Specifically, Salarius is developing treatments for cancers caused by genes that are dysregulated or, as the company puts it "incorrectly turned on or incorrectly turned off." As mentioned, there are two classes of drugs in development, targeted protein inhibitors and targeted protein degraders. Both of the company's drugs have the potential to work in both liquid and solid tumors. The details of these approaches are outlined below, but basically the company is developing a small molecule to inhibit the ability of the epigenetic enzyme lysine specific demethylase (LSD1) from promoting a gene's expression profile that causes cancer, while also developing a Targeted Protein Degrader or "molecular glue". The molecular glue is a small molecule that can lead to selective degradation, or destruction, of cancer-causing proteins.

The cancers that have the potential to be treated by these drugs are many and devasting to those suffering without much hope for a cure. For example, the company is pursuing Ewing sarcoma with its lead protein inhibitor, seclidemstat. Ewing sarcoma is a devastating pediatric, adolescent and young adult bone and soft tissue cancer, which has no targeted therapies currently available. According to Cancer.net, around 500 children and teenagers and young adults in the United States are diagnosed with Ewing sarcoma each year, a devastating diagnosis for the patients and their families and one that results in a 5-year survival rate (if it metastasizes) of 38%. This is a rare and devastating disease and, as result, Salarius has been granted the fast track designation from the FDA, as well as the orphan drug designation and the rare pediatric disease designation. These designations speak to both the urgency and promise of the drug, but also potentially benefit the company in a variety of ways that will be outlined below. As a note, pediatric rare disease designation is the first step in Salarius receiving a Priority Review Voucher (PRV) upon FDA commercial approval of seclidemstat for Ewing sarcoma.

In addition, seclidemstat is being studied in the hematologic or blood cancers, MDS and CMML by the MD Anderson Cancer Center (MDACC) in an Investigator Initiated Trial. Patients enrolling in this trial have failed standard of care treatments and have an approximate 3-5 month life expectancy. MDACC recently presented data at the 2022 American Society of Hematology conference reporting that of 8 evaluable patients, there was a 50% response rate in patients receiving seclidemstat and azacytidine combined therapy. We believe these are encouraging results and show the potential of seclidemstat in hematologic cancers.

From an investment perspective, having two types of potential drugs to treat these devastating diseases increases the chance that the company will have success in receiving FDA approval for at least one. The initial seclidemstat clinical trial data we've seen in both Ewing sarcoma and hematologic cancers is quite encouraging and we are excited to see more results of both of the ongoing phase 1/2 trials of seclidemstat. Both trials were paused due to an adverse event that occurred due to an FET-rearranged sarcoma patient death that was classified as a suspected serious adverse reaction. Patients currently enrolled in the study could continue the treatment after consulting with their physicians, but new enrollment is the second study is paused but the pause on the Ewing sarcoma study was recently lifted by the FDA. We believe this lift in the pause for the first study could be a catalyst for the stock and bodes well for the pause in the second study to also be lifted in the near future.

This pause, however, provides an opportunity for investors to get into SLRX before the trial resumes and the results, which we believe will be positive, are published—which would likely give a significant boost to the stock.

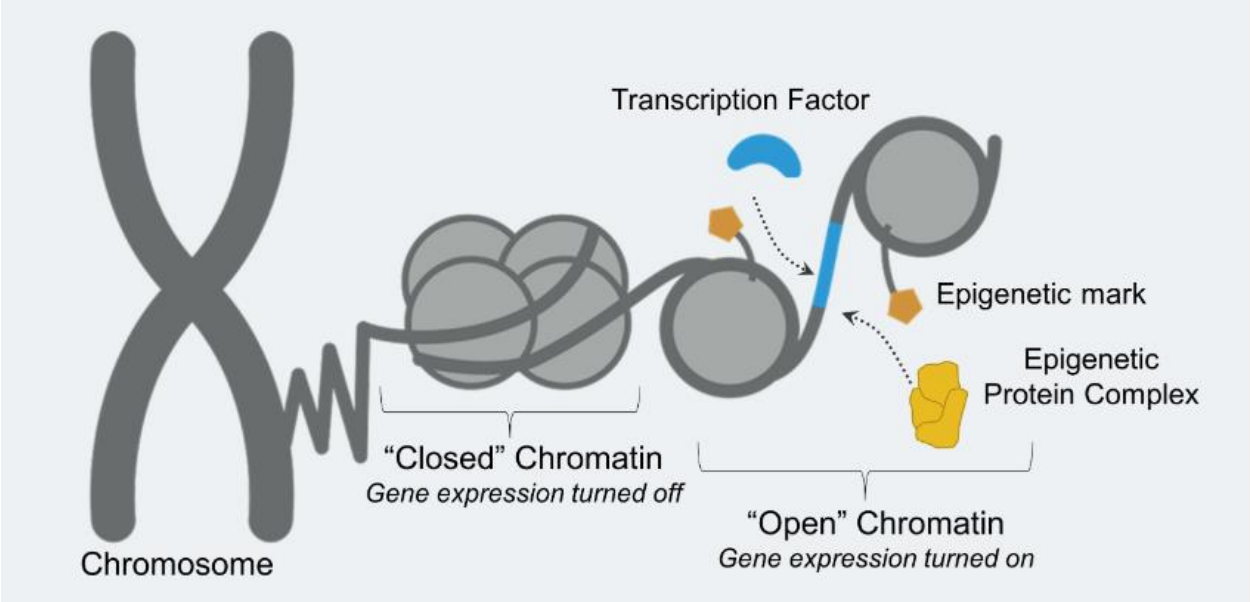
The Science—Part 1

To understand why we're excited about the SLRX stock and encouraged that treatments for these devastating cancers may be forthcoming, it's helpful to understand the science behind these two types of cancer treatments.

First, we'll talk about the protein inhibitor, seclidemstat. To understand epigenetically driven cancers, we must begin with the genome, which is the complete set of genetic instructions in a cell. Within the genome, changes can occur in DNA interactions without changing the DNA itself. Epigenetics is the complete set of changes that occur on DNA-associated proteins and ultimately affect the time, location, and duration of gene expression. When any of these changes occurs in the wrong place in the body or at the wrong time, it can lead to the development of numerous diseases, including cancer.

A protein known as LSD1 (lysine-specific demethylase) removes chemical groups from proteins associated with DNA, called histones. The location and number of chemical groups on histones determines whether the DNA can be accessed by proteins that will read that DNA and begin the process of making proteins. Accessible DNA is referred to as "open," and inaccessible DNA is referred to as "closed."

Enzymes that remove chemicals from DNA-associated proteins are known as "erasers"; those that add chemicals are known as "writers." These writer and eraser enzymes are always working to maintain a healthy balance in gene expression patterns. They bind to DNA and work to make it open or closed, in response to signals from the environment. They also interact with other proteins, called transcription factors, to initiate gene expression. The company has provided a picture that gives a visual representation of the process:



Source: Salarius Pharmaceticals-03/31/23

In cancer, writers and erasers may be under- or overactive, leading to imbalanced gene expression and driving the development of diseases, including cancer. As a result, Targeted Protein Inhibition (TPI) of LSD1 is becoming more of a focus for cancer researchers. LSD1 is involved in maintaining balanced gene expression. Gene expression is the process in which information stored in a gene is used to create proteins. This is a normal process and necessary for human survival but when the process goes a bit haywire and becomes unbalanced, a cancerous tumor can result.

To understand better why there is such a focus on LSD1, it's important to understand what specific functions of the protein are:

- LSD1 removes specific chemical groups from proteins.
- LSD1 brings proteins together to form complexes that affect gene expression.

As a result, LSD1 is a promising target in the fight against cancer because:

- It can promote and block gene expression, which leads to cancer.
- When its function gets highjacked, it can lead to cancer.
- It has a broad association other gene-regulating proteins implicated in cancer development.
- Inhibiting its functions may lead to anti-cancer activity for a variety of cancer types.

You can see how inhibiting LSD1 can play a key role in formation of various types of cancer as LSD1 impacts all parts of the body, but for those who want a little more science we can dig down a little more, which requires us to go back to the beginning and talk about what are examples of epigenetic changes (from the CDC):

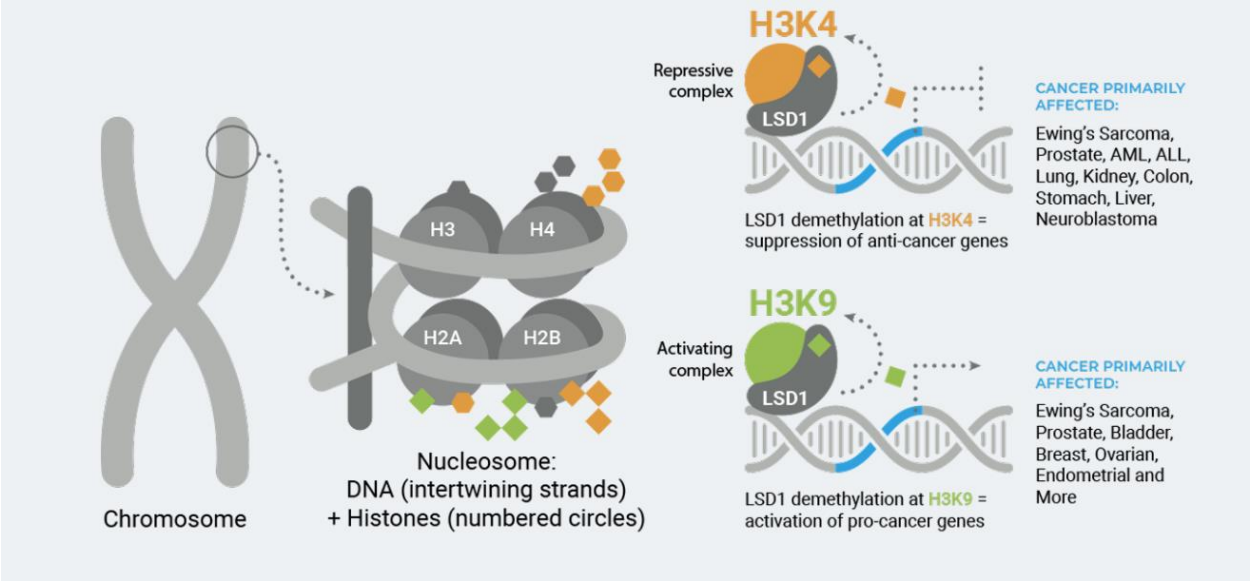
- DNA Methylation--DNA methylation works by adding a chemical group to DNA. Typically, this group is added to specific places on the DNA, where it blocks the proteins that attach to DNA to "read" the gene. This chemical group can be removed through a process called demethylation. Typically, methylation turns genes "off" and demethylation turns genes "on."

- Histone modification--DNA wraps around proteins called histones. When histones are tightly packed together, proteins that 'read' the gene cannot access the DNA as easily, so the gene is turned "off." When histones are loosely packed, more DNA is exposed or not wrapped around a histone and can be accessed by proteins that 'read' the gene, so the gene is turned "on." Chemical groups can be added or removed from histones to make the histones more tightly or loosely packed, turning genes "off" or "on."

- Non-coding RNA--DNA is used as instructions for making coding and non-coding RNA. Coding RNA is used to make proteins. Non-coding RNA helps control gene expression by attaching to coding RNA, along with certain proteins, to break down the coding RNA so that it cannot be used to make proteins. Non-coding RNA may also recruit proteins to modify histones to turn genes “on” or “off.”

Again, LSD1 has two key functions—demethylating proteins, such as histone H3 tail and bringing proteins together, which the company describes as active as a “scaffolding protein” in epigenetic complexes.

Histone methylation plays a role in every biological process. When the balance of methyl marks is altered, diseases, including cancer, arise. LSD1 demethylation at lysine 4 (H3K4) and lysine 9 (H3K9) is a contributing factor to maintaining histone methylation homeostasis. Here is where a picture provided by the company may help investors better understand the process:



Source: Salarius Pharmaceuticals-3/31/23

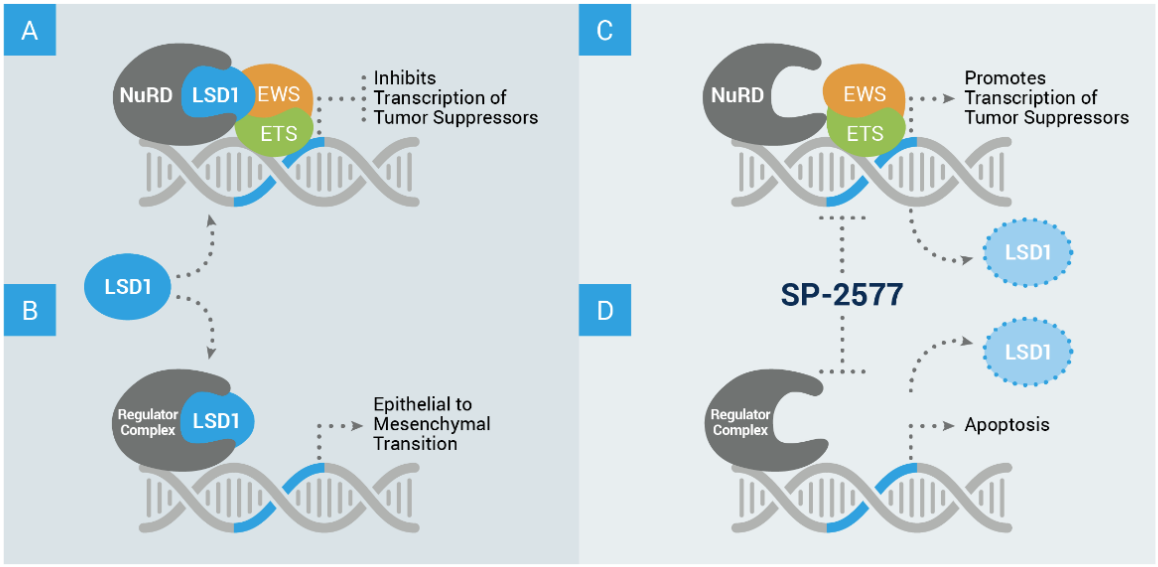
LSD1’s demethylation activity removes chemical groups, known as methyl marks, from protein-DNA structures called nucleosomes. Nucleosomes consist of DNA wrapped around structural proteins called histones. Histones, like most proteins, contain the amino acid lysine, which is particularly important for chemical modification.

The presence or absence of methyl marks determines whether DNA is open, available for transcription of genes, or closed, blocking gene expression. LSD1 specifically erases methyl marks at H3K4 and H3K9.

LSD1 closes DNA by removing the methyl mark at H3K4 and opens DNA by removing the methyl mark at H3K9. LSD1 can therefore both promote and block gene expression, which makes it unique as an epigenetic modifier. Finally, each lysine can have up to three methyl marks, and LSD1 is capable of removing only the first two marks. The number of methyl marks can also have an effect on gene expression.

The Solution—Part 1

To impact this process and interrupt LSD1’s oncogenic activity in cancers such as Ewing sarcoma the company has developed seclidemstat (SP-2577). The way that it aims to attack this is illustrated in the example below:



Source: Salarius Pharmaceuticals—3/31/23

Describing what is happening in the above figure:

(A) LSD1 acts in complex with other proteins, such as NuRD (nucleosome remodeling deacetylase complex) to inhibit the transcription of tumor suppressor genes.
(B) LSD1 can also interact with other proteins to disrupt the equilibrium of healthy cells and drive expression of a stem cell–like phenotype in which cells designed to perform a tissue-specific function (differentiated cells) revert to an undefined state of constant growth and invasion of nearby tissues.

The company's lead compound, seclidemstat (SP-2577), is designed to inhibit LSD1's scaffolding properties, which disrupt complex protein interaction and (C) allows for the transcription of tumor suppressor genes, and/or (D) prevents transcription relating to self-renewal, and can cause apoptosis (programmed cell death).

The company notes that in some cancers, LSD1 can associate with various other transcriptional co-activators and co-repressors. For instance, in prostate cancers, LSD1 can interact with the androgen receptor to activate genes that drive tumor growth. These associations indicate that inhibiting LSD1's demethylation and scaffolding properties may have anti-tumor activity across various cancer types. Seclidemstat is in Phase 1/2 clinical trials and is licensed from the prestigious University of Utah Huntsman Cancer Institute. The drug has been granted Fast Track, Orphan Drug and Pediatric Rare Disease status by the FDA. These designations all have benefits for the company, including a voucher that can be used to receive a priority review of a subsequent marketing application for a different product (according to the FDA) and to us illustrates the importance and potential of the treatment.

As mentioned, SP-2577 is currently being studied in a company-sponsored Phase 1/2 trial treating Ewing Sarcoma and in an MDACC investigator-initiated trial treating the hematologic or blood cancers Myelodysplastic Syndrome and Chronic myelomonocytic leukemia. The company chose these areas to focus on because these are cancers with high-unmet need and represent Salarius' "speed-to-market strategy" given the potential for accelerated approval mentioned above. What follows is a description of the cancer being studied and the results that have been seen in initial trials:

- Ewing Sarcoma is a rare and deadly cancer that afflicts about 500 new pediatric, adolescent and young adult patients in the US each year. There is no standard second-line therapy for the roughly 40% that fail first-line cytotoxic chemotherapy therapy, highlighting the high unmet need for new treatments. According to the company, in early 2021, Salarius completed the dose escalation portion of the trial, demonstrating that the drug can be given

at doses that are tolerable, give adequate drug exposure, and showed preliminary signs of activity. The company appears about ready to restart enrolling patients in the expansion portion of the trial where it is combining SP-2577 with topotecan and cyclophosphamide (TC), two agents commonly given as 2nd or 3rd line therapy, in hopes of improving patient outcomes over TC alone.

- MDACC recently announced the initiation of an Investigator Initiated Trial studying SP-2577 in combination with Azacitidine for the treatment of patients with myelodysplastic syndromes (MDS) or Chronic Myelomonocytic Leukemia (CMML). MDS and CMML can both progress into Acute Myeloid Leukemia (AML). The company believes that data from the company's ongoing trial will inform development of SP-2577 in hematologic cancers (also referred to as "liquid tumors" or "blood cancers"), including AML. The American Cancer Society estimates there were almost 20,000 new cases of AML in the US alone in 2020, highlighting the potential to greatly expand SP-2577's market. Additional research is ongoing to identify other larger market indications where SP-2577 may show efficacy.

The company recently released interim results from the Phase 1/2 which are part of the reason that we believe now is the time for investors to look at SLRX stock. Following are the results released by the company verbatim:

"These interim results appear to indicate that first- and second-relapse Ewing sarcoma patients treated with seclidemstat in combination with topotecan and cyclophosphamide who achieve disease control may have an increased time to tumor progression (TTP) compared with treatment of topotecan and cyclophosphamide alone, per the Phase 3 rEECur study described below.
13 first- and second-relapse Ewing sarcoma patients were evaluable for confirmed disease control rate assessment. Of these 13 patients, five patients (38%) achieved confirmed disease control with no tumor progression observed while treated with seclidemstat in combination with topotecan and cyclophosphamide. Treatment duration for the 13 patients ranged from 0.7 months to 13.8 months. Five first-relapse Ewing sarcoma patients were treated and three (60%) achieved confirmed disease control, including one complete response, one partial response and one stable disease at 12.8 months and continuing. First-relapse patients had a median TTP of 7.4 months and treatment duration ranged from 1.4 months to 13.8 months."

MDACC recently released interim results from the Phase 1/2 at the 2022 American Society of Hematology Congress and these results are another part of the reason that we believe now is the time for investors to look at SLRX stock. Following are the results released by MDACC:

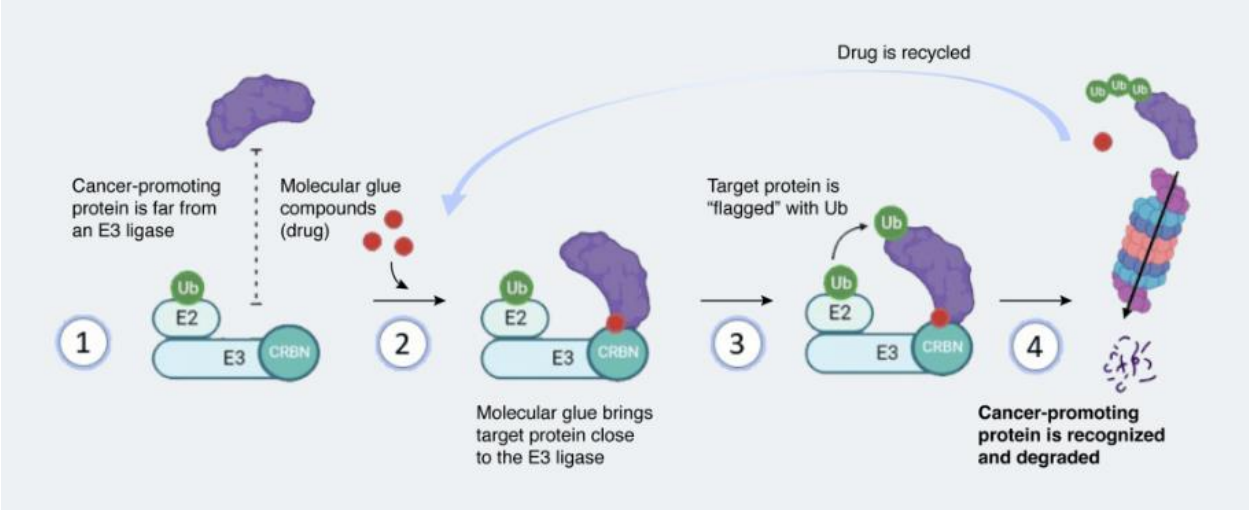
- 50% overall response rate among eight myelodysplastic syndrome (MDS) and chronic myelomonocytic leukemia (CMML) patients who relapsed or progressed after hypomethylating agent therapy
- Of the eight evaluable patients, four had an objective response including one complete response patient who is planned to receive potentially curative allogeneic stem cell transplantation, two marrow complete responses plus hematological improvement and one marrow complete response.

As investors can see, initial results have shown promise and we believe restarting of enrollment in this study will begin shortly and positive complete results will attract investors and potential acquirers.

The Science-Part 2

While the above potential breakthrough would be enough for us to recommend this SLRX as a stock to take a serious look at, Salarius adds on to the value proposition by having another line of attack. The company is developing a next generation targeted protein degrader, also referred to as a molecular glue. Molecular glues are small molecules that take advantage of the body's normal

protein degradation process, discussed above, to cause the elimination of cancer-promoting proteins. This occurs because the molecular glue induces proximity of the cancer-promoting protein and an enzyme (E3 ligase) that then allows target proteins to be flagged for degradation and eliminated (see Figure below). Elimination of the cancer-promoting proteins leads to profound therapeutic effects. This is exciting to us, and to potential investors, as it's a market where a product with a similar mechanism of action, Revlimid by Celgene, posted about $10 billion in sales in 2022. Those sales are declining as generics take market share, but the need remains great for a new, improved version of this molecular glue. The company notes that their molecular glue, SP-3164, demonstrates more robust degradation of Ikaros and Aiolos (proteins that can promote cancer growth) compared to Revlimid and resulted in improved tumor growth inhibition in mouse models of cancer.



Source: Salarius Pharmaceuticals, 3/31/2023

As you can see from the image, molecular glue compounds are the key to degrading the cancer-promoting protein and that is what Salarius is focused on—developing new and unique molecular glue protein degraders. Salarius believes that its molecular glue, SP-316, has the potential to impact both hematologic (cancers in the blood) and solid tumors. The company notes that SP-3164's potential has been demonstrated in in vitro studies and in preclinical mouse models of lymphoma and multiple myeloma. According to the company, "SP-3164 treatment showed robust anticancer activity in cells and tumored mouse models. Encouragingly, in lymphoma preclinical mouse models, treatment with SP-3164 combined with a standard of care agent resulted in complete tumor regressions."

We are also encouraged by the announcement from the company recently that it has completed two Good Laboratory Practice toxicology studies on SP-3164 with no unexpected safety findings during either course of study. The company plans to include these results in the IND application the company plans to submit to the FDA.

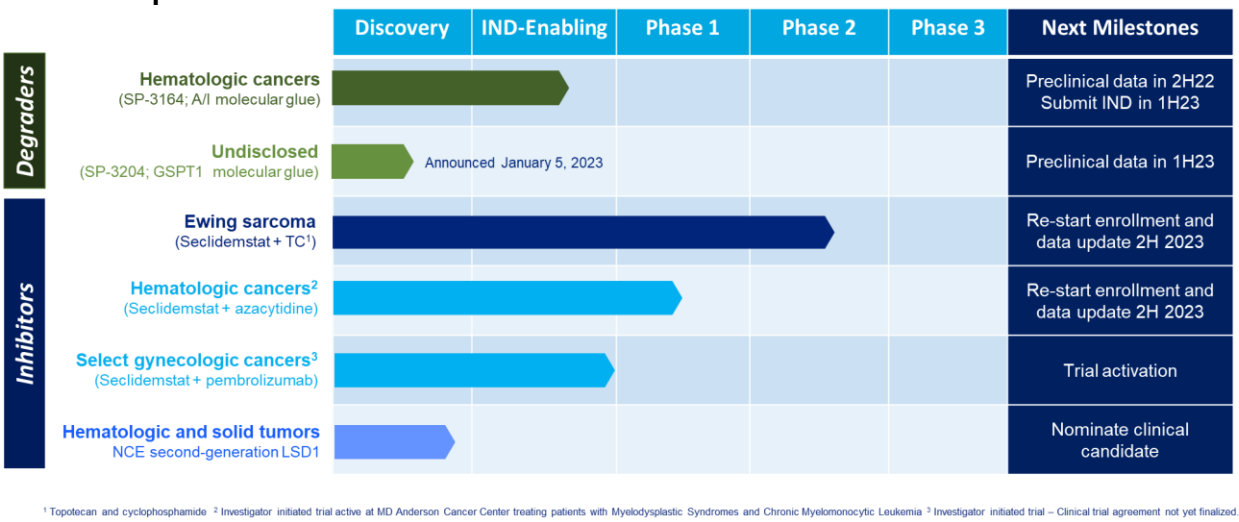
As with SP-2577 from above, we believe now represents a great time for investors to take a look at SLRX as the company plans to file an Investigational New Drug (IND) application with the FDA for SP-3164 in the first half of 2023 and anticipates starting a Phase 1/2 clinical trial in the second half of 2023—providing investors an opportunity to get in ahead of those anticipated events.

The Company

The company behind the above exciting scientific developments is Salarius Pharmaceuticals and we believe its stock SLRX is worth looking at for investors. We believe that companies rise and fall on leadership, especially in the clinical stage environment of the pharmaceutical industry, and Salarius checks that box for us with flying colors. CEO David Arthur has had more than 35 years of

experience in the industry and has extensive experience building, launching and managing pharmaceutical brands—skills we believe will be quite valuable as the company moves the following pipeline through the development and approval process.

Salarius Pipeline



Source: Salarius Pharmaceuticals-04/03/2023

In a company at this stage we also like to look at the associations that have been developed and what entities have shown interest in the company. We were pleased to learn of the association Salarius has with the Cancer Prevention and Research Institute of Texas (CPRIT). The company received a grant from the organization of $16.5 million, receiving nearly all (approximately $100,000 remaining). The willingness of an organization like CPRIT to invest in the technology of Salarius gives us additional confidence in the process.

The company has a wide worldwide patent portfolio, with over 70 patents on SP-2577 alone, with two composition of matter patents and two methods of use patents in the US, which protects SP-2577 through 2032. Those patents, combined with the Orphan Drug, Fast Track and Pediatric Rare Disorder Designation discussed above enhance the value of Salarius Pharmaceuticals to an even greater degree in our view. Additionally, the company's targeted degradation patent portfolio consists of 5 patent families with 13 granted patents, including composition of matter and methods patents for SP-3164.

The detailed financials of Salarius are below but investors know there's only one number that really matters for a clinical stage company—the cash available to continue operating. The company remains in good shape in that category in our view, with over $12 million in cash on the balance sheet as of December 31, 2022, with the company estimating that will be sufficient to fund anticipated operating expenses through 3Q2023. And we are of the belief that, by that time, more positive trial results will be released, enabling the company to raise more funds as needed.

VALUATION

Putting a valuation on a clinical stage company can be an effort with the potential for a great amount of variation. Forecasting revenues for a product or products that are early in the approval process is at best a guessing game in most cases. We tend to favor valuation methods such as discounted cash flows or dividend discount, Salarius has no near-term revenue from products that we could use to make a reasonable assumption and certainly doesn't pay a dividend. Therefore, we are going to

turn to the comparable company valuation method, where we search for companies that are similar to Salarius and determine what valuation the market has placed on those—and then make some reasonable adjustments as needed to account for the differences between the companies. We looked for clinical-stage companies with cancer treatments in the pipeline that have been acquired by larger pharmaceutical companies in order to find a comparable company to Salarius. We believe this is reasonable for the reasons mentioned above, and because we believe an acquisition of Salarius by a larger company is the mostly likely future scenario at this point. The first company we found was Five Prime Therapeutics, which was acquired by Amgen in March 2021 for $1.9 billion. Five Prime was a company that was developing immune-oncology and targeted cancer therapies. The cancers targeted are different and the Five Prime treatments were further along in the approval process, but the characteristics of the company, being a clinical stage company with a unique cancer treatment make it a reasonable one for comparison purposes in our view.

The second acquisition that we are looking at for comparison purposes, and the one we are going to more heavily weight, is the Bristol Myers Squibb acquisition of Turning Point Therapeutics for $4.1 billion in the third quarter of 2022. Turning Point Therapeutics was a clinical-stage precision oncology company with a pipeline of investigational medicines designed to target the most common mutations associated with oncogenesis. Turning Point Therapeutics' lead asset at the time, repotrectinib, was described as "a next-generation, potential best-in-class tyrosine kinase inhibitor (TKI) targeting the ROS1 and NTRK oncogenic drivers of non-small cell lung cancer (NSCLC) and other advanced solid tumors." Repotrectinib has been granted three Breakthrough Therapy Designations from the U.S. Food and Drug Administration and in the Phase 1/2 trial showed effectiveness.

We are going to value on the conservative side for SLRX, and assume that the company's drug is still in the beginning of the trial process, even though it has already entered into the Phase 1/2 stage. According to an MIT study, the chances of an orphan oncology drug moving from Phase 1 to approval are 1.9%, compared to the 24.1% chance a non-orphan drug has of moving from Phase 3 to approval. Further, we are assuming the market potential of the Salarius drugs are 20% of those of Turning Point due to a lower number of patients but also considering the likelihood of better pricing for these treatments produced by Salarius. Applying the ratio of 22.2/1 as the approval rate difference based on stages and the 80% reduction in potential market size to Salarius when compared to Turning Point, we arrive at a valuation of $6.75 per share. When we look at the Five Prime acquisition, we take a similar approval discount using the ratio of 22.2/1, but we only discount the market size by 50% due to the perceived smaller market potential of Five Prime than Turning Point. Applying those assumptions to Salarius gives us a valuation of $10.00 per share. As a result of all of this, we are valuing SLRX at $6.75 initially, in order to remain conservative in our valuation at this stage of the company. This valuation will be updated as Salarius moves through the approval process but we feel comfortable with this valuation at this stage and believe it is a fairly conservative one.

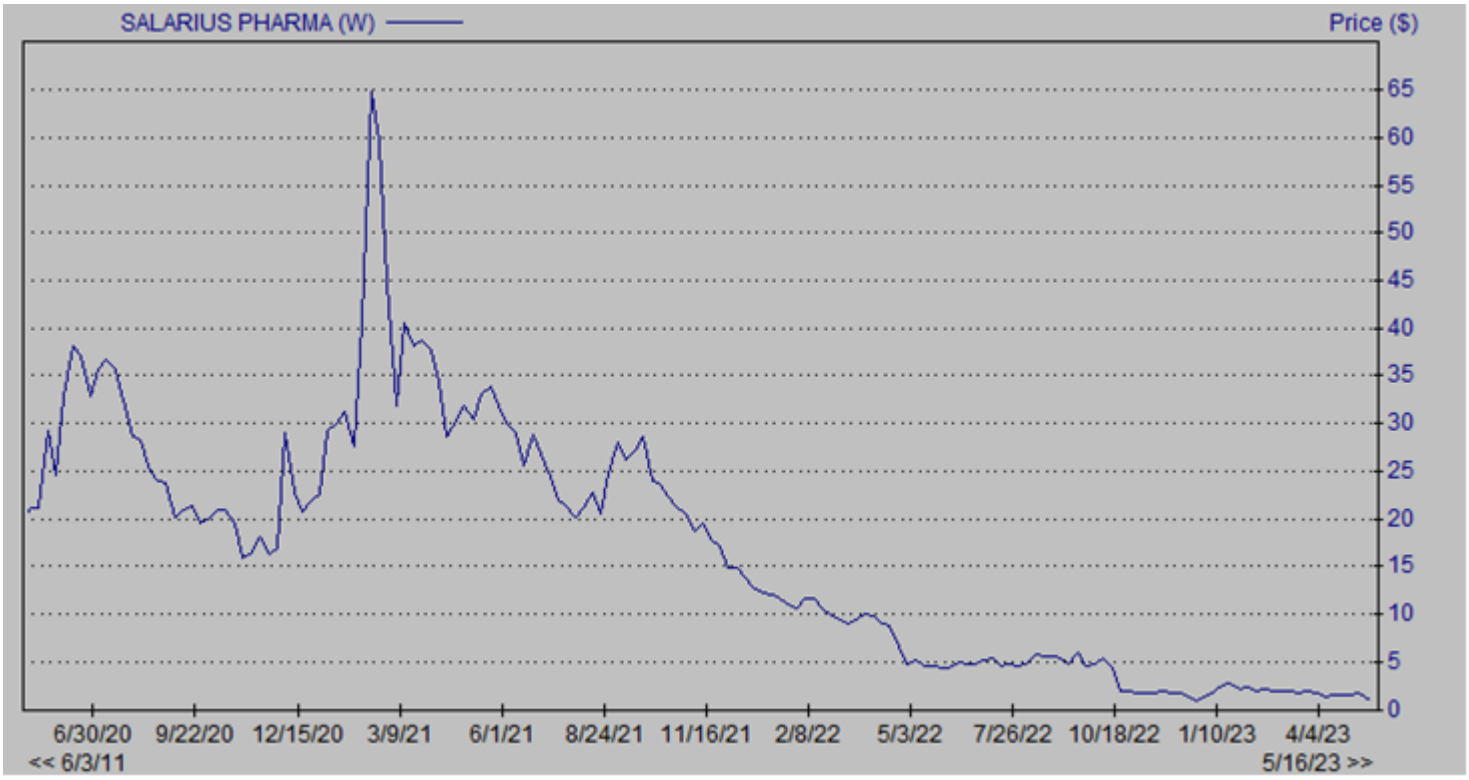
RISKS

- The company may not be able to gain approval for any of the treatments that it is pursuing.
- The company may not be able to get additional funding needed to move the testing process forward.
- Other, similar, drugs could come to market before Salarius' drugs, which would likely hurt the market value.
- The industry could become averse to acquisitions, which could hurt the potential value of Salarius.
- Key management or staff people could leave, removing important intellectual capital from the company.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Salarius Pharmaceuticals Income Statement and Balance Sheet							
	2022A	1Q2023A	2Q2023E	3Q2023E	4Q2023E	2024E	2025E
Grant Revenue	-	-	-	-	-	-	-
Operating Expenses:							
Research and development	15,836,828	3,725,588	4,198,739	4,240,726	4,283,134	17,420,511	18,291,536
General and administration	7,138,403	1,695,075	1,784,601	1,802,447	1,820,471	7,852,243	8,244,855
Loss on impairment of goodwill	8,865,909	-	-	-	-	-	-
Total Operating Expenses	31,841,140	(5,420,663)	(5,983,340)	(6,043,173)	(6,103,605)	(25,272,754)	(26,536,392)
Income/(Loss) from operations	(31,841,140)	(5,420,663)	(5,983,340)	(6,043,173)	(6,103,605)	(25,272,754)	(26,536,392)
Other Income/(Expenses):							
Interest income/(expense)	218,730	79,890	48,480	48,965	49,454	207,794	197,404
Other	14,454	0	3,450	3,800	4,000	15,000	15,500
Total other inc./(exp.)	233,184	79,890	51,930	52,765	53,454	222,794	212,904
Net Income/(Loss)	(31,607,956)	(5,340,773)	(5,931,410)	(5,990,409)	(6,050,151)	(25,049,961)	(26,323,488)
Net Income/(Loss) per share	$ (14.88)	$ (2.23)	$ (1.03)	$ (0.87)	$ (0.73)	$ (2.52)	$ (2.20)
Diluted Common Shares Outstanding	2,124,511	2,391,964	5,758,328	6,909,994	8,291,992	9,950,391	11,940,469
Current Assets							
Cash	12,106,435	9,273,682	9,088,208	8,906,444	8,728,315	8,553,749	8,382,674
Grants receivable	1,610,490	130,000	0	0	0	0	0
Other	803,373	536,625	541,991	547,411	552,885	558,414	563,998
Total Current Assets	14,520,298	9,940,307	9,630,200	9,453,855	9,281,201	9,112,163	8,946,672
Other Assets	130,501	114,852	116,001	117,161	118,332	119,515	120,711
Total Assets	14,650,799	10,055,159	9,746,200	9,571,016	9,399,533	9,231,679	9,067,383
Current Liabilities							
Accounts payable	2,858,330	3,510,905	3,581,123	3,652,746	3,725,800	3,800,316	3,876,323
Other current liabilities	1,407,861	985,393	1,014,955	1,045,403	1,076,766	1,109,069	1,142,341
Total current liabilities	4,266,191	4,496,298	4,596,078	4,698,149	4,802,566	4,909,385	5,018,663
Stockholders' equity/(deficit)							
Common Stock	225	246	246	246	246	246	246
Additional paid in capital	74,189,531	74,704,536	75,451,581	76,206,097	76,968,158	77,737,839	78,515,217
Accumulated deficit	(63,805,148)	(69,145,921)	(70,301,705)	(71,333,476)	(72,371,437)	(73,415,791)	(74,466,744)
Total Stockholders' Equity/(Deficit)	10,384,608	5,558,861	5,150,122	4,872,867	4,596,967	4,322,294	4,048,719
Total Liabilities and Stockholders' Equity	14,650,799	10,055,159	9,746,200	9,571,016	9,399,533	9,231,679	9,067,382

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Brad Sorensen, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.