SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March, 31, 2024

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: **001-39126**

CNS Pharmaceuticals, Inc.

(Name of registrant as specified in its charter)

Nevada	**82-2318545**
(State or other jurisdiction of Incorporation or Organization)	(I.R.S. Employer identification No.)
2100 West Loop South, Suite 900 **Houston, Texas** (Address of principal executive offices	**77027** (Zip Code)

800-946-9185
(Registrant's telephone number, including area code)

N/A
(Former name or 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	Name of Each Exchange on Which Registered
Common Stock	CNSP	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) 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 such 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 ☐
Non-accelerated Filer ☒
Emerging Growth Company ☒

Accelerated Filer ☐
Smaller reporting 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 ☒

The number of shares outstanding of the registrant's common stock, par value $0.001 per share, as of May 15, 2024 was 11,851,932.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CNS Pharmaceuticals, Inc.
Balance Sheets
(Unaudited)

	March 31, 2024	December 31, 2023
Assets		
Current Assets:		
Cash and cash equivalents	$ 815,226	$ 548,721
Deferred offering costs	–	202,859
Prepaid expenses and other current assets	786,050	839,590
Total current assets	1,601,276	1,591,170
Noncurrent Assets:		
Prepaid expenses, net of current portion	55,296	104,750
Property and equipment, net	4,305	4,933
Total noncurrent assets	59,601	109,683
Total Assets	$ 1,660,877	$ 1,700,853
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Accounts payable and accrued expenses	$ 5,878,298	$ 5,832,162
Notes payable	213,104	300,806
Total current liabilities	6,091,402	6,132,968
Total Liabilities	6,091,402	6,132,968
Commitments and contingencies		
Stockholders' Equity (Deficit):		
Preferred stock, $0.001 par value, 5,000,000 shares authorized and 0 shares issued and outstanding	–	–
Common stock, $0.001 par value, 75,000,000 shares authorized and 10,668,932 and 6,214,598 shares issued and outstanding, respectively	10,669	6,214
Additional paid-in capital	68,670,457	65,128,574
Accumulated deficit	(73,111,651)	(69,566,903)
Total Stockholders' Equity (Deficit)	(4,430,525)	(4,432,115)
Total Liabilities and Stockholders' Equity (Deficit)	$ 1,660,877	$ 1,700,853

See accompanying notes to the unaudited financial statements.

CNS Pharmaceuticals, Inc.
Statements of Operations
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating expenses:		
General and administrative	$ 1,114,442	$ 1,358,752
Research and development	2,430,412	3,567,759
Total operating expenses	3,544,854	4,926,511
Loss from operations	(3,544,854)	(4,926,511)
Other income (expenses):		
Interest income	6,731	–
Interest expense	(6,625)	(5,436)
Total other income (expense)	106	(5,436)
Net loss	$ (3,544,748)	$ (4,931,947)
Loss per share - basic	$ (0.41)	$ (2.59)
Loss per share - diluted	$ (0.41)	$ (2.59)
Weighted average shares outstanding - basic	8,712,680	1,906,494
Weighted average shares outstanding - diluted	8,712,680	1,906,494

See accompanying notes to the unaudited financial statements.

CNS Pharmaceuticals, Inc.
Statements of Stockholders' Equity (Deficit)
For the three months ended March 31, 2024 and 2023
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity (Deficit)
Balance December 31, 2023	6,214,598	$ 6,214	$ 65,128,574	$ (69,566,903)	$ (4,432,115)
Common stock issued for cash, net	2,215,667	2,216	3,328,784	–	3,331,000
Exercise of warrants, net	2,238,667	2,239	10,166	–	12,405
Stock-based compensation	–	–	202,933	–	202,933
Net loss	–	–	–	(3,544,748)	(3,544,748)
Balance, March 31, 2024	10,668,932	$ 10,669	$ 68,670,457	$ (73,111,651)	$ (4,430,525)
Balance December 31, 2022	1,617,325	$ 1,617	$ 58,846,916	$ (50,715,677)	$ 8,132,856
Exercise of warrants	609,000	609	–	–	609
Stock-based compensation	–	–	290,313	–	290,313
Net loss	–	–	–	(4,931,947)	(4,931,947)
Balance, March 31, 2023	2,226,325	$ 2,226	$ 59,137,229	$ (55,647,624)	$ 3,491,831

See accompanying notes to the unaudited financial statements.

CNS Pharmaceuticals, Inc.
Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash Flows from Operating Activities:		
Net loss	$ (3,544,748)	$ (4,931,947)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	202,933	290,313
Depreciation	818	1,279
Gain on disposal of fixed assets	(190)	–
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	102,994	692,222
Accounts payable and accrued expenses	46,136	(876,459)
Net cash used in operating activities	(3,192,057)	(4,824,592)
Cash Flows from Financing Activities:		
Payments on notes payable	(87,702)	(120,893)
Proceeds from exercise of warrants	12,405	609
Proceeds from sale of common stock	3,533,859	–
Net cash provided by (used in) financing activities	3,458,562	(120,284)
Net change in cash and cash equivalents	266,505	(4,944,876)
Cash and cash equivalents, at beginning of period	548,721	10,055,407
Cash and cash equivalents, at end of period	$ 815,226	$ 5,110,531
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 6,625	$ 5,436
Cash paid for income taxes	$ –	$ –
Supplemental disclosure of non-cash investing and financing activities:		
Reclassification of deferred offering costs to equity	$ 202,859	$ –

See accompanying notes to the unaudited financial statements.

CNS Pharmaceuticals, Inc.
Notes to the Financial Statements
(Unaudited)

Note 1 – Nature of Business

CNS Pharmaceuticals, Inc. ("we", "our", the "Company") is a clinical pharmaceutical company organized as a Nevada corporation on July 27, 2017 to focus on the development of anti-cancer drug candidates.

On August 25, 2022, the stockholders of the Company approved an amendment to the Company's amended and restated articles of incorporation (the "Amendment") to effect the reverse stock split at a ratio in the range of 1-for-2 to 1-for-30. The reverse stock split became effective on November 28, 2022 on a 1-for-30 basis without any change in the par value per share, which remained at $0.001. The reverse stock split has been retroactively adjusted throughout these financial statements and footnotes.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation - The accompanying unaudited financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United Stated of America ("U.S. GAAP") for interim unaudited financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The unaudited financial statements include all adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary in order to make the condensed financial statements not misleading. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the final results that may be expected for the year ending December 31, 2024. For more complete financial information, these unaudited financial statements should be read in conjunction with the audited financial statements for the period ended December 31, 2023 included in our Form 10-K filed with the SEC on April 1, 2024 ("Form 10-K"). Notes to the financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal period, as reported in the Form 10-K, have been omitted.

Liquidity and Going Concern - These financial statements have been prepared on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain equity financings to continue operations. The Company has a history of and expects to continue to report negative cash flows from operations and a net loss. Management believes that the cash on hand is sufficient to fund its planned operations into but not beyond the near term. These factors raise substantial doubt regarding the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. The Company may seek additional funding through a combination of equity offerings, debt financings, government or other third-party funding, commercialization, marketing and distribution arrangements, other collaborations, strategic alliances and licensing arrangements and delay planned cash outlays or a combination thereof. Management cannot be certain that such events or a combination thereof can be achieved.

Cash and Cash Equivalents - The Company considers all highly liquid accounts with original maturities of three months or less at the date of acquisition to be cash equivalents. Periodically, the Company may carry cash balances at financial institutions in excess of the federally insured limit of $250,000. The amount in excess of the FDIC insurance as of March 31, 2024 was $565,226. The Company has not experienced losses on these accounts and management believes, based upon the quality of the financial institutions, that the credit risk with regard to these deposits is not significant.

Stock-based Compensation - Employee and non-employee share-based compensation is measured at the grant date, based on the fair value of the award, and is recognized as an expense over the requisite service period for stock options and restricted stock units.

Restricted Stock Units ("RSUs") - Our RSUs vest over four years from the date of grant. The fair value of RSUs is the market price of our common stock at the date of grant.

Performance Units ("PUs") - The PUs vest based on our performance against predefined share price targets and the achievement of Positive Interim, Clinical Data as defined by the Board.

Loss Per Common Share - Basic loss per common share is computed by dividing net loss available to common shareholders by the weighted-average number of common shares outstanding during the period. Diluted loss per common share is determined using the weighted-average number of common shares outstanding during the period, adjusted for the dilutive effect of common stock equivalents. In periods when losses are reported, the weighted-average number of common shares outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive. As of March 31, 2024, the Company's potentially dilutive shares and options, which were not included in the calculation of net loss per share, included warrants to purchase 39,785,731 common shares, unvested restricted stock units of 7,144 common shares, unvested performance units of 28,563 and options for 341,190 common shares, respectively. As of March 31, 2023, the Company's potentially dilutive shares and options, which were not included in the calculation of net loss per share, included warrants to purchase 3,524,252 common shares, unvested restricted stock units of 9,523 common shares, unvested performance units of 28,563 and options for 126,489 common shares, respectively.

Note 3 – Note Payable

On November 28, 2023, the Company entered into a short-term note payable for an aggregate of $329,571, bearing interest at 9.74% per year to finance certain insurance policies. Principal and interest payments related to the note will be repaid over an 11-month period with the final payment due on October 8, 2024. As of March 31, 2024 the Company's note payable balance was $213,104.

Note 4 – Equity

The Company has authorized 75,000,000 shares of common stock having a par value of $0.001 per share. In addition, the Company authorized 5,000,000 shares of preferred stock to be issued having a par value of $0.001. The specific rights of the preferred stock shall be determined by the board of directors. On May 2, 2024, the Company filed a Certificate of Amendment to its Amended and Restated Articles of Incorporation with the Secretary of State of the State of Nevada to increase the number of the Company's authorized shares of common stock from 75,000,000 shares to 300,000,000 shares.

On August 25, 2022, the stockholders of the Company approved an amendment to the Company's amended and restated articles of incorporation (the "Amendment") to effect the reverse stock split at a ratio in the range of 1-for-2 to 1-for-30, with such ratio to be determined in the discretion of the Company's board of directors and with such reverse stock split to be effected at such time and date, if at all, as determined by the Company's board of directors in its sole discretion prior to the one-year anniversary of the annual meeting.

Pursuant to such authority granted by the Company's stockholders, the Company's board of directors approved a one-for-thirty (1:30) reverse stock split of the Company's common stock and the filing of the Amendment to effectuate the reverse split. The reverse stock split became effective on November 28, 2022 on a 1-for-30 basis without any change in the par value per share, which remained at $0.001.

Common Stock

On January 29, 2024, the Company entered into a placement agency agreement with A.G.P./Alliance Global Partners ("AGP") and Maxim Group LLC ("Maxim" and collectively with AGP, the "Placement Agents") (the "Placement Agreement") for the public offering by the Company of (i) 2,215,667 shares (the "Shares") of the Company's common stock, par value $0.001 per share (the "Common Stock") (ii) pre-funded warrants to purchase 11,117,667 shares of Common Stock (the "Pre-Funded Warrants"); (iii) Series A Warrants to purchase up to an aggregate of 13,333,334 shares of Common Stock (the "Series A Warrants"); and (iv) Series B Warrants to purchase up to an aggregate of 13,333,334 shares of Common Stock (the "Series B Warrants", and together with the Series A Warrants, the "Common Warrants)). The Common Warrants and Pre-Funded Warrants are collectively referred to herein as the ("Warrants"). The combined purchase price of one share of Common Stock and accompanying Common Warrants was $0.30 and the combined purchase price of one Pre-Funded Warrant and accompanying Common Warrants was $0.299. In connection with the offering, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain institutional investors that participated in the offering. As of April 1, 2024, 2,204,667 of the Pre-Funded Warrants have been exercised. The closing of the sales of these securities occurred on February 1, 2024. The net proceeds to the Company from the offering were $3,331,000, after deducting the placement agents' fees and other offering expenses.

Stock Options

In 2017, the Board of Directors of the Company approved the CNS Pharmaceuticals, Inc. 2017 Stock Plan (the "2017 Plan"). The 2017 Plan allows for the Board of Directors to grant various forms of incentive awards for up to 66,667 shares of common stock.

In 2020, the Board of Directors of the Company approved the CNS Pharmaceuticals, Inc. 2020 Stock Plan (the "2020 Plan"). The 2020 Plan allows for the Board of Directors to grant various forms of incentive awards for up to 100,000 shares of common stock. The 2020 Plan was amended effective as of August 9, 2023, which was approved by the Company's stockholders at the Company's annual meeting on September 14, 2023. The amendment increased the 2020 Plan by 745,800 shares of common stock.

On January 19, 2024, the Board of Directors of the Company approved the issuance of 12,420 options to Ms. Mahery as compensation for her appointment to our Board of Directors. The options have a ten-year term at an exercise price of $0.253 and vest in 36 equal monthly installments succeeding the issuance date. The total fair value of these option grants at issuance was $2,728.

During the three months ended March 31, 2024 and 2023, the Company recognized $192,375 and $272,446 of stock-based compensation, respectively, related to outstanding stock options. At March 31, 2024, the Company had $528,432 of unrecognized expenses related to outstanding options.

The following table summarizes the stock option activity for the three months ended March 31, 2024:

	Options	Weighted-Average Exercise Price Per Share
Outstanding, December 31, 2023	328,770	$ 20.35
Granted	12,420	0.25
Exercised	–	–
Forfeited	–	–
Expired	–	–
Outstanding, March 31, 2024	341,190	$ 19.62
Exercisable, March 31, 2024	99,920	$ 58.39

The aggregate fair value of the options measured during the three months ended March 31, 2024 were calculated using the Black-Scholes option pricing model based on the following assumptions:

	Three Months Ended December 31, 2024
Fair value of common stock on measurement date	$0.253 per share
Risk free interest rate (1)	3.80%
Volatility (2)	113.08%
Dividend yield (3)	0%
Expected term (in years)	6.5

(1) The risk-free interest rate was determined by management using the market yield on U.S. Treasury securities with comparable terms as of the measurement date.
(2) The trading volatility was determined by calculating the volatility of the Company's peer group.
(3) The Company does not expect to pay a dividend in the foreseeable future.

As of March 31, 2024, the outstanding stock options have a weighted average remaining term of 8.35 years and aggregate intrinsic value of options vested and outstanding of $1,354. As of March 31, 2024, there were no awards remaining to be issued under the 2017 Plan and 533,190 awards remaining to be issued under the 2020 Plan.

Stock Warrants

On January 29, 2024, the Company entered into a warrant amendment agreement (the "Warrant Amendment") pursuant to which the Company agreed, subject to shareholder approval, to amend certain existing warrants to purchase up to an aggregate of 3,756,000 shares of Common Stock at an exercise price of $1.28 per share and a termination date of October 16, 2028, so that the amended warrants will have a reduced exercise price of $0.30 per share and a new termination date of February 1, 2029. If shareholder approval is not received, such existing warrants will have an exercise price equal to the Nasdaq minimum price on the six-month anniversary of February 1, 2024 and a new termination date of February 1, 2029. The other terms of such warrants will remain unchanged.

During the three months ended March 31, 2024, the Company received $12,405 in cash proceeds from the exercise of 2,204,667 warrants issued at an exercise price of $0.299 and 34,000 warrants previously issued at an exercise price of $0.30.

The following table summarizes the stock warrant activity for the three months ended March 31, 2024:

	Warrants	Weighted-Average Exercise Price Per Share
Outstanding, December 31, 2023	4,240,063	$ 3.88
Granted	37,784,335	0.30
Exercised	(2,238,667)	0.30
Forfeited	–	–
Expired	–	–
Outstanding, March 31, 2024	39,785,731	$ 0.59
Exercisable, March 31, 2024	39,785,731	$ 0.59

As of March 31, 2024, the outstanding and exercisable warrants have a weighted average remaining term of 3.65 years and had no aggregate intrinsic value.

Restricted Stock Units

On April 28, 2022, the Compensation Committee approved cash bonuses totaling $213,000 to the officers of the Company. In addition, the officers and employees were awarded a total of 9,523 Restricted Stock Units that partially vest over 4 years. The Company valued the RSUs based on the stock price at grant which total $95,399.

During the three months ended March 31, 2024, the Company recognized $5,962 of stock-based compensation, related to outstanding stock RSUs. At March 31, 2024, the Company had $47,699 of unrecognized expenses related to outstanding RSUs.

The following table summarizes the RSUs activity for the three months ended March 31, 2024:

	RSUs	Weighted-Average Grant Date Fair Value
Non-vested, December 31, 2023	7,144	$ 10.02
Granted	–	–
Vested	–	–
Forfeited	–	–
Non-vested, March 31, 2024	7,144	$ 10.02

Performance Units

On April 28, 2022, the Compensation Committee approved, the officers and employees were awarded a total of 28,563 PUs. For awards granted in 2022, they vest as follows: (i) 9,521 of the PU grant will vest if within 24 months from issuance the average the closing price of the Company's common stock over a ten trading day period exceeds $60.00 (subject to pro rata adjustment for stock splits or similar events), (ii) 9,521 of the PU grant will vest if within 36 months from issuance the average the closing price of the Company's common stock over a ten trading day period exceeds $120.00 (subject to pro rata adjustment for stock splits or similar events) and (iii) 9,521 of the PU grant will vest if within 24 months from issuance the Company achieves "Positive Interim, Clinical Data" as defined by the Board of Directors. To the extent that the market and/or "Positive Interim Clinical Data" conditions are not met, the applicable portions of the PUs will not vest and will be cancelled. The fair value at grant date of these performance units was $169,663. Compensation expense is recognized over the derived service period for the PUs with market conditions and over the requisite service period for PUs with performance conditions on the date when achievement of such conditions are deemed probable.

The fair value of each performance unit with market conditions (vesting terms (i) and (ii)) is estimated at the date of grant using a Monte Carlo simulation with the following assumptions: underlying stock price $10.02, hurdle prices ranging from $60.00 -$120.00, expected terms ranging from 2-3 years, cost of equity 18.7% and risk-free rate of 2.8%.

During the three months ended March 31, 2024, the Company recognized $4,596 related to outstanding stock PUs. At March 31, 2024, the Company had $95,766 of unrecognized expenses related to PUs.

The following table summarizes the PUs activity for the three months ended March 31, 2024:

	PUs	Weighted-Average Grant Date Fair Value
Non-vested, December 31, 2023	28,563	$ 5.94
Granted	–	–
Vested	–	–
Forfeited	–	–
Non-vested, March 31, 2024	28,563	$ 5.94

Note 5 – Commitments and Contingencies

Executive Employment Agreements

On September 1, 2017, the Company entered into an employment agreement with Mr. John Climaco pursuant to which Mr. Climaco agreed to serve as Chief Executive Officer and Director of the Company commencing on such date for an initial term of three years. On September 1, 2020, the Company entered into an amendment to the employment agreement with Mr. Climaco. The amendment extends the term of employment under the Employment Agreement, which was originally for a three-year period, for additional twelve-month periods, unless and until either the Company or Mr. Climaco provides written notice to the other party not less than sixty days before such anniversary date that such party is electing not to extend the term. If the Company provides notice of its election not to extend the term, Mr. Climaco may terminate his employment at any time prior to the expiration of the term by giving written notice to the Company at least thirty days prior to the effective date of termination, and upon the earlier of such effective date of termination or the expiration of the term, Mr. Climaco shall be entitled to receive the same severance benefits as are provided upon a termination of employment by the Company without cause. Pursuant to the Amendment, the severance benefits shall be twelve months of Mr. Climaco's base salary. Such severance payment shall be made in a single lump sum sixty days following the termination, provided that Mr. Climaco has executed and delivered to the Company and has not revoked a general release of the Company. Pursuant to the employment agreement, the compensation committee of the board of directors reviews the base salary payable to Mr. Climaco annually during the term of the agreement. On February 6, 2021, the compensation committee of the board of directors set Mr. Climaco's 2021 annual base salary to $525,000.

On June 28, 2019, we entered into employment letters with Drs. Silberman and Picker. Dr. Silberman agreed to commit 50% of her time to our matters and Dr. Picker agreed to commit 25% of his time to our matters.

In March 2024, the Board of Directors approved, based upon the recommendation of the Compensation Committee, cash bonuses totaling $240,608 to the officers of the Company payable upon completion of a subsequent round of financing and a determination by the Board that such financing is sufficient for the Company's needs after payment of such bonus.

Scientific Advisory Board

On July 15, 2021, our Board approved the following compensation policy for the Scientific Advisory Board members. The Scientific Advisory board consisted of Dr. Waldemar Priebe, our founder and related party, and Dr. Sigmond Hsu. Each scientific advisory board member shall receive annual cash compensation of $68,600. As of August 25, 2022, Dr. Waldemar Priebe is no longer a member of the Scientific Advisory Board. On March 14, 2024, the Board of Directors terminated the cash compensation program for the Scientific Advisory Board. As of March 31, 2024, the Company has accrued $185,884 related to Mr. Hsu's Scientific Advisory Board compensation.

WP744 Portfolio (Berubicin)

On November 21, 2017, the Company entered into a Collaboration and Asset Purchase Agreement with Reata Pharmaceuticals, Inc. ("Reata"). Through this agreement, the Company purchased all of Reata's rights, title, interest and previously conducted research and development results in the chemical compound commonly known as Berubicin. In exchange for these rights, the Company agreed to pay Reata an amount equal to 2.25% of the net sales of Berubicin for a period of 10 years from the Company's first commercial sale of Berubicin plus $10,000. Reata also agreed to collaborate with the Company on the development of Berubicin, from time to time.

On December 28, 2017, the Company entered into a Technology Rights and Development Agreement with Houston Pharmaceuticals, Inc. ("HPI"). HPI is affiliated with Dr. Waldemar Priebe, our founder. Pursuant to this agreement, the Company obtained a worldwide exclusive license to the chemical compound commonly known as WP744. In exchange for these rights, the Company agreed to pay consideration to HPI as follows: (i) a royalty of 2% of net sales of any product utilizing WP744 for a period of ten years after the first commercial sale of such; and (ii) $100,000 upon beginning Phase II clinical trials (paid in 2021); and (iii) $200,000 upon the approval by the FDA of a New Drug Application for any product utilizing WP744; and (iv) a series of quarterly development payments totaling $750,000 beginning immediately after the Company's raise of $7,000,000 of investment capital. In addition, the Company issued 6,667 shares of the Company's common stock valued at $1.35 per share to HPI upon execution of the agreement. On November 13, 2019, the Company closed its IPO, thereby fulfilling all conditions precedent and completing the acquisition of the intellectual property discussed in the HPI agreement. During the three months ended March 31, 2024 and 2023, the Company recognized $12,500 and $12,500 related to this agreement. Unrelated to this agreement, from time to time, the Company purchases pharmaceutical products from HPI which are necessary for the manufacturing of Berubicin API and drug product in related party transactions which are reviewed and approved by the Company's audit committee based upon the standards of providing superior pricing and time to delivery than that available from unrelated third parties. On May 14, 2024, the Company provided notice to HPI of its intent to terminate the HPI License effective on or about July 14, 2024.

On August 30, 2018, we entered into a sublicense agreement with WPD Pharmaceuticals, Inc. ("WPD"). Pursuant to the agreement, the Company granted WPD an exclusive sublicense, even as to us, for the patent rights we licensed pursuant to the HPI License within the following countries: Poland, Estonia, Latvia, Lithuania, Belarus, Ukraine, Moldova, Romania, Bulgaria, Serbia, Macedonia, Albania, Armenia, Azerbaijan, Georgia, Montenegro, Bosnia, Croatia, Slovenia, Slovakia, Czech Republic, Hungary, Chechnya, Uzbekistan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Greece, Austria, and Russia. The sublicense agreement provides that WPD must use commercially reasonable development efforts to attempt to develop and commercialize licensed products in the above mentioned territories, which means the expenditure of at least $2.0 million on the development, testing, regulatory approval or commercialization of the licensed products during the three year period immediately following the date of the sublicense agreement. In the event that WPD fails to use commercially reasonable development efforts by the foregoing three-year deadline, we have the right to terminate this sublicense agreement. As of December 31, 2021, the Company has received reports of the WPD expenditures related to this agreement, has conducted due inquiry into validating those expenditures, and has determined that WPD has exercised commercially reasonable development efforts and has therefore fulfilled the terms of the agreement necessary to secure their rights under the sublicense in perpetuity subject to the ongoing obligations of the sublicense. In consideration for the rights granted under the sublicense agreement, to the extent we are required to make any payments to HPI pursuant to the HPI License as a result of this sublicense agreement, WPD agreed to advance us such payments, and to pay us a royalty equal to 1% of such payments. WPD is a Polish corporation that is majority-owned by an entity controlled by Dr. Priebe, our founder.

On November 21, 2022, CNS entered into an Investigational Medicinal Product Supply Agreement with Pomeranian Medical University ("PUM") in Szczecin, Poland. CNS agreed to sell berubicin hydrochloride drug product (and related reference standards) to PUM at a discount to the historical cost of manufacturing so that PUM may conduct an investigator-initiated clinical trial of Berubicin in CNS lymphomas. PUM agreed to pay CNS the following payments: (i) PLN 5,870 upon delivery of 2 vials each of berubicin and berubicinol reference standards, (ii) PLN 873,201 upon delivery of a first batch of 150 berubicin drug product vials, and (iii) PLN 873,201 upon delivery of a second batch of 150 berubicin drug product vials. As of December 31, 2022, the reference standards were delivered, and the Company recognized $1,302 in accounts receivable and as a reduction to research and development expense. In April 2023, the first batch of berubicin drug product vials were delivered, and the Company recognized $196,303 in accounts receivable and as a reduction to research and development expense. As of December 31, 2023, the outstanding accounts receivable balance of $197,605 was collected in full.

On August 31, 2018, the Company entered into a sublicense agreement with Animal Life Sciences, LLC ("ALI"), a related party, pursuant to which we granted ALI an exclusive sublicense, even as to us, for the patent rights we licensed pursuant to the HPI License solely for the treatment of cancer in non-human animals through any type of administration. In consideration for the rights granted under the sublicense agreement, ALI agreed to issue us membership interests in ALI equal to 1.52% of the outstanding ALI membership interests. As additional consideration for the rights granted, to the extent we are required to make any payments to HPI pursuant to the HPI License as a result of this sublicense agreement, ALI agreed to advance us such payments, and to pay us a royalty equal to 1% of such payments. Dr. Waldemar Priebe, our founder, is also the founder and a shareholder of ALI, holds 38% of the membership interests of ALI.

On June 10, 2020, the FDA granted Orphan Drug Designation ("ODD") for Berubicin for the treatment of malignant gliomas. ODD from the FDA is available for drugs targeting diseases with less than 200,000 cases per year. ODD may enable market exclusivity of 7 years from the date of approval of an NDA in the United States. During that period the FDA generally could not approve another product containing the same drug for the same designated indication. Orphan drug exclusivity will not bar approval of another product under certain circumstances, including if a subsequent product with the same active ingredient for the same indication is shown to be clinically superior to the approved product on the basis of greater efficacy or safety, or providing a major contribution to patient care, or if the company with orphan drug exclusivity is not able to meet market demand. The ODD now constitutes our primary intellectual property protections although the Company is exploring if there are other patents that could be filed related to Berubicin to extend additional protections.

On July 24, 2021, the Company received Fast Track Designation from the FDA for Berubicin. Fast Track Designation is designed to facilitate the development and expedite the review of drugs to treat serious conditions and fill an unmet medical need.

WP1244 Portfolio

On January 10, 2020, Company entered into a Patent and Technology License Agreement ("Agreement") with The Board of Regents of The University of Texas System, an agency of the State of Texas, on behalf of The University of Texas M. D. Anderson Cancer Center ("UTMDACC"). Pursuant to the Agreement, the Company obtained a royalty-bearing, worldwide, exclusive license to certain intellectual property rights, including patent rights, related to the Company's recently announced WP1244 drug technology. In consideration, the Company must make payments to UTMDACC including an up-front license fee, annual maintenance fee, milestone payments and royalty payments (including minimum annual royalties) on sales of licensed products developed under the Agreement. The term of the Agreement expires on the last to occur of: (a) the expiration of all patents subject to the Agreement, or (b) fifteen years after execution; provided that UTMDACC has the right to terminate this Agreement in the event that the Company fails to meet certain commercial diligence milestones. The commercial diligence milestones are as follows (i) initiated PC toxicology to support filing of Investigational New Drug Application ("IND") or New Drug Application ("NDA") for the Licensed Product within the eighteen (18) month period following the Effective Date (ii) file and IND for the Licensed Product within three (3) year period following the Effective Date and (iii) Commencement of Phase I Study within the five (5) year period following the Effective Date. The Company has not met the commercial diligence milestones and has not paid the annual maintenance fee required as of the date hereof. On April 25, 2024, UTMDACC provided notice to the Company of its intent to terminate the WP1244 Agreement if the Company fails to pay the annual maintenance fee of $50,000, as well as $1,300 in expenses. As of the date hereof, the Company has not determined whether to cure the foregoing defaults. If the Company fails to cure the defaults, on May 25, 2024, the WP1244 Agreement will terminate.. During the three months ended March 31, 2024 and 2023, the Company paid $694 and $11,744, respectively.

On May 7, 2020, pursuant to the WP1244 Portfolio license agreement described above, the Company entered into a Sponsored Research Agreement with UTMDACC to perform research relating to novel anticancer agents targeting CNS malignancies. The Company agreed to fund approximately $1,134,000 over a two-year period. During the year ended December 31, 2020, the Company paid $334,000 and accrued $400,000 related to this agreement in research and development expenses in the Company's Consolidated Statements of Operations. During the year ended December 31, 2021, the Company paid $800,000 to UTMDACC related to this agreement. The Company has no further payment obligations as of December 31, 2021. This agreement was extended and now expires on March 31, 2023. The principal investigator for this agreement is Dr. Waldemar Priebe, our founder.

Nasdaq Capital Markets Listing Qualifications

On August 17, 2023, the Company was notified by the Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market ("Nasdaq") that the Company was not in compliance with the minimum $2,500,000 stockholders' equity requirement for continued listing set forth in Listing Rule 5550(b). On February 27, 2024, the Staff notified the Company that it did not comply with the $1.00 minimum bid price requirement set forth under Listing Rule 5550(a)(2). On February 14, 2024, the Company was notified that because it had not regained compliance with the Nasdaq equity requirement, its securities would be delisted unless it requested a hearing. On February 21, 2024, the Company requested a hearing, which was held on April 18, 2024.

On May 6, 2024, the Company received notification from the Nasdaq Hearings Panel ("Panel") that it has granted an extension until July 15, 2024, to demonstrate compliance with Listing Rules 5550(a)(2) and 5550(b). The Company intends to implement its plan to meet the milestones set forth by the Panel prior to July 15, 2024.

Note 6 – Subsequent Events

On April 7, 2024, the Compensation Committee recommended, and the Board approved such recommendation, equity grants for service in 2023 from the Stock Plan a total of 179,000 Options that vest over 3 years, and 179,000 Restricted Stock Units which vest over 2 years.

On April 30, 2024, the Company held its scheduled 2024 Annual Meeting of Stockholders at which the Company's stockholders approved amendments to the Company's 2020 Equity Plan (the "2020 Plan") including an increase in the number of shares of common stock, par value $0.001 per share, authorized for issuance under the 2020 Plan by 3,500,000 shares. As amended, the number of shares of the common stock that may be issued under the 2020 Plan is 4,345,800 shares (this includes the 3,500,000 share increase).

Subsequent to March 31, 2024, a total of 1,183,000 Warrants (exercisable into one share of common stock at a price per share of $0.001) were exercised by investors.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the financial statements and the related notes appearing elsewhere in this Form 10-Q. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. See Item 1A. "Risk Factors" of our Form 10-K for the year ended December 31, 2023, available on the Security and Exchange Commission's ("SEC") EDGAR website at www.sec.gov, for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results and the timing of events could differ materially from those discussed in our forward-looking statements as a result of many factors, including those set forth under "Risk Factors" and elsewhere in this Form 10-Q.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements under the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in other sections of this Form 10-Q. In some cases, you can identify these statements by forward-looking words such as "may," "might," "should," "would," "could," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or "continue," and the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to known and unknown risks, uncertainties and assumptions about us, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks and uncertainties described under Item 1A. "Risk Factors" of our Form 10-K for the year ended December 31, 2023 and in other filings made by us from time to time with the SEC.

While we believe we have identified material risks, these risks and uncertainties are not exhaustive. Other sections of this Form 10-Q may describe additional factors that could adversely impact our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible to predict all risks and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. We are under no duty to update any of these forward-looking statements after the date of this Form 10-Q to conform our prior statements to actual results or revised expectations, and we do not intend to do so.

Forward-looking statements include, but are not limited to, statements about:

- our ability to obtain additional funding to develop our product candidates;
- the need to obtain regulatory approval of our product candidates;
- the success of our clinical trials through all phases of clinical development;
- compliance with obligations under intellectual property licenses with third parties;

- any delays in regulatory review and approval of product candidates in clinical development;
- our ability to commercialize our product candidates;
- market acceptance of our product candidates;
- competition from existing products or new products that may emerge;
- potential product liability claims;
- our dependency on third-party manufacturers to supply or manufacture our products;
- our ability to establish or maintain collaborations, licensing or other arrangements;
- our ability and third parties' abilities to protect intellectual property rights;
- our ability to adequately support future growth; and
- our ability to attract and retain key personnel to manage our business effectively.

We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this Form 10-Q in the case of forward-looking statements contained in this Form 10-Q.

You should not rely upon forward-looking statements as predictions of future events. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Therefore, you should not rely on any of the forward-looking statements. In addition, with respect to all of our forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Overview

We are a clinical pharmaceutical company organized as a Nevada corporation in July 2017 to focus on the development of anti-cancer drug candidates for the treatment of brain and central nervous system tumors, based on intellectual property that we license under license agreements with Houston Pharmaceuticals, Inc. ("HPI") and The University of Texas M.D. Anderson Cancer Center ("UTMDACC") and own pursuant to a collaboration and asset purchase agreement with Reata Pharmaceuticals, Inc. ("Reata").

We believe our lead drug candidate, Berubicin, may be a significant development in the treatment of Glioblastoma and other CNS malignancies, and if approved by the U.S. Food and Drug Administration ("FDA"), could give Glioblastoma patients an important new therapeutic alternative to the current standard of care. Glioblastomas are tumors that arise from astrocytes, which are star-shaped cells making up the supportive tissue of the brain. These tumors are usually highly malignant (cancerous) because the cells reproduce quickly, and they are supported by a large network of blood vessels. Berubicin is an anthracycline, which is a class of drugs that are among the most powerful and extensively used chemotherapy drugs known. Based on limited clinical data, we believe Berubicin is the first anthracycline that appears to cross the blood brain barrier ("BBB") in significant concentrations targeting brain cancer cells. While our focus is currently on the development of Berubicin, we are also in the process of attempting to secure intellectual property rights to additional compounds that we plan to develop into drugs to treat CNS and other cancers.

Berubicin was discovered at UTMDACC by Dr. Waldemar Priebe, the founder of the Company. Through a series of transactions, Berubicin was initially licensed to Reata. Reata initiated several Phase I clinical trials with Berubicin for CNS malignancies, one of which was for malignant gliomas, but subsequently allowed their IND with the FDA to lapse for strategic reasons. This required us to obtain a new IND for Berubicin before beginning further clinical trials. On December 17, 2020, we announced that our IND application with the FDA for Berubicin for the treatment of Glioblastoma Multiforme was in effect. We initiated this trial for patient enrollment during the second quarter of 2021 with the first patient dosed during the third quarter of 2021 to investigate the safety and efficacy of Berubicin in adults with Glioblastoma Multiforme who have failed first-line therapy. The first patient on the trial was treated during the third quarter of 2021. Correspondence between the Company and the FDA resulted in modifications to our initial trial design, including designating overall survival (OS) as the primary endpoint of the study. OS is a rigorous endpoint that the FDA has recognized as a basis for approval of oncology drugs when a statistically significant improvement can be shown relative to a randomized control arm.

The current trial being conducted will evaluate the safety and efficacy of Berubicin in patients with Glioblastoma Multiforme who have failed primary treatment for their disease, and results will be compared to the safety and efficacy of Lomustine, a current standard of care in this setting, with a 2 to 1 randomization of the 252 patients to Berubicin or Lomustine. Patients receiving Berubicin are administered a 2-hour IV infusion of 7.5 mg/m2 berubicin hydrochloride daily for three consecutive days followed by 18 days off (a 21-day cycle). Lomustine is administered orally once every six weeks. The trial design included a pre-planned, non-binding interim futility analysis. We reached the criteria required by the study protocol to conduct this interim futility analysis, which an independent Data Safety Monitoring Board ("DSMB") is responsible for conducting. The DSMB's charter mandated that they review the primary endpoint, Overall Survival, as well as secondary endpoints and safety data to determine whether the efficacy data for the risk-benefit profile warrants modification or discontinuation of the study. On December 18, 2023, we released the DSMB's recommendation which was to continue the study without modification. Management remains blinded to the data underlying the recommendation of the DSMB. Even if Berubicin is approved, there is no assurance that patients will choose an infusion treatment, as compared to the current standard of care, which requires oral administration.

We do not have manufacturing facilities and all manufacturing activities are contracted out to third parties. Additionally, we do not have a sales organization.

On November 21, 2017, we entered into a Collaboration and Asset Purchase Agreement with Reata (the "Reata Agreement"). Pursuant to the Reata Agreement we purchased all of Reata's intellectual property and development data regarding Berubicin, including all trade secrets, knowhow, confidential information and other intellectual property rights.

On December 28, 2017, we obtained the rights to a worldwide, exclusive royalty-bearing, license to the chemical compound commonly known as Berubicin from HPI in an agreement we refer to as the HPI License. HPI is affiliated with Dr. Priebe, who controls a majority of our shares. Under the HPI License we obtained the exclusive right to develop certain chemical compounds for use in the treatment of cancer anywhere in the world. In the HPI License we agreed to pay HPI: (i) development fees of $750,000 over a three-year period beginning November 2019; (ii) a 2% royalty on net sales; (iii) a $50,000 per year license fee; (iv) milestone payments of $100,000 upon the commencement of a Phase II trial and $1.0 million upon the approval of a New Drug Application ("NDA") for Berubicin; and (v) 6,667 shares of our common stock. The patents we licensed from HPI expired in March 2020. On May 14, 2024, the Company provided notice to HPI of its intent to terminate the HPI License effective on or about July 14, 2024.

On June 10, 2020, the FDA granted Orphan Drug Designation ("ODD") for Berubicin for the treatment of malignant gliomas. ODD from the FDA is available for drugs targeting diseases with less than 200,000 cases per year. ODD may enable market exclusivity of 7 years from the date of approval of a NDA in the United States. During that period the FDA generally could not approve another product containing the same drug for the same designated indication. Orphan drug exclusivity will not bar approval of another product under certain circumstances, including if a subsequent product with the same active ingredient for the same indication is shown to be clinically superior to the approved product on the basis of greater efficacy or safety, or providing a major contribution to patient care, or if the company with orphan drug exclusivity is not able to meet market demand. The ODD now constitutes our primary intellectual property protections although the Company is exploring if there are other patents that could be filed related to Berubicin to extend additional protections.

We believe we have obtained all rights and intellectual property necessary to develop Berubicin. As stated earlier, it is our plan to obtain additional intellectual property covering other compounds which, subject to the receipt of additional financing, may be developed into drugs for brain and other cancers.

On January 10, 2020, we entered into a Patent and Technology License Agreement (the "WP1244 Agreement") with The Board of Regents of The University of Texas System, an agency of the State of Texas, on behalf of the UTMDACC. Pursuant to the WP1244 Agreement, we obtained a royalty-bearing, worldwide, exclusive license to certain intellectual property rights, including patent rights, related to our portfolio of WP1244 drug technology. In consideration, we must make payments to UTMDACC including an up-front license fee, annual maintenance fee, milestone payments and royalty payments (including minimum annual royalties) for sales of licensed products developed under the WP1244 Agreement. The term of the WP1244 Agreement expires on the last to occur of: (a) the expiration of all patents subject to the WP1244 Agreement, or (b) fifteen years after execution; provided that UTMDACC has the right to terminate the WP1244 Agreement in the event that we fail to meet certain commercial diligence milestones. We have not met the commercial diligence milestones and have not paid the annual maintenance fee required as of the date hereof. On April 25, 2024, UTMDACC provided notice to us if its intent to terminate the WP1244 Agreement if we fail to pay the annual maintenance fee of $50,000, as well as $1,300 in expenses. As of the date hereof, the we have not determined whether to cure the foregoing defaults. If we fail to cure the defaults, on May 25, 2024, the WP1244 Agreement will terminate.

On May 7, 2020, pursuant to the WP1244 portfolio license agreement described above, the Company entered into a Sponsored Research Agreement with UTMDACC to perform research relating to novel anticancer agents targeting CNS malignancies. The Company agreed to fund approximately $1,134,000 over a two-year period. The Company paid and recorded $334,000 in 2020 related to this agreement in research and development expenses in the Company's Statements of Operations. The remaining $800,000 was paid in 2021. The principal investigator for this agreement is Dr. Priebe. The work conducted under this Sponsored Research Agreement has produced a new mesylate salt of WP1244 termed WP1874. We believe the enhanced solubility of this salt may increase its ability to be formulated for use in an IV infusion, while maintaining similar potency and toxicity characteristics. As such, WP1874 will be the primary focus in any development efforts of the WP1244 portfolio. This agreement was extended and expired on March 31, 2023.

Results of Operations for the Three Months Ended March 31, 2024 Compared to the Three Months Ended March 31, 2023

General and Administrative Expense

General and administrative expense was approximately $1,114,000 for the three months ended March 31, 2024 compared to approximately $1,359,000 for the comparable period in 2023. The decrease in general and administrative expense was mainly attributable to decreases of approximately $118,000 in legal and professional expenses, $20,000 in insurance expenses and $58,000 in stock compensation, $39,000 in travel expenses and $29,000 in other general and administrative expenses, which were offset by increases of approximately $19,000 in marketing and advertising expenses.

Research and Development Expense

Research and development expense was approximately $2,430,000 for the three months ended March 31, 2024 compared to approximately $3,568,000 for the comparable period in 2023. The decrease in research and development expenses during the period were mainly attributed to the timing of research organization (CRO) expenses related to continued progress with our Phase II clinical trial. Our CRO expenditures are primarily for labor related to activating selected trial sites, managing patient enrollment processes, collecting and managing data from patient treatments throughout the trial, processing reimbursement to the sites for patient treatment, and assisting with necessary submissions to amend the IND. CRO expenditures are expected to remain relatively consistent with the current quarter throughout the remainder of the trial as site activation efforts and the associated costs thereof transition into reimbursing clinical trial sites for patient treatment costs as site and patient enrollment increases. We expect to incur increased research and development costs in the future as we continue our Phase II clinical trial.

Net Loss

The net loss for the three months ended March 31, 2024 was approximately $3,545,000 compared to approximately $4,932,000 for the comparable period in 2023. The change in net loss is attributable to an decrease in CRO expenses related to continued progress with our Phase II clinical trial, as well as decreases in legal and professional fees and other expenses.

Liquidity and Capital Resources

On March 31, 2024, we had cash of approximately $815,000 and we had a working capital deficit of approximately $4,490,000. We fund our operations from proceeds from equity sales.

On January 29, 2024, we entered into a placement agency agreement with A.G.P./Alliance Global Partners ("AGP") and Maxim Group LLC ("Maxim") for the public offering of (i) 2,215,667 shares of our common stock; (ii) pre-funded warrants to purchase 11,117,667 shares of common stock; (iii) Series A Warrants to purchase up to an aggregate of 13,333,334 shares of common stock; and (iv) Series B Warrants to purchase up to an aggregate of 13,333,334 shares of common stock. The combined purchase price of one share of common stock and accompanying Series A & B common warrants was $0.30 and the combined purchase price of one pre-funded warrant and accompanying Series A & B common warrants was $0.299 (with the pre-funded warrants having an exercise price of $0.001). The closing of the sales of these securities occurred on February 1, 2024. The gross proceeds from the offering were approximately $4.0 million, before deducting the placement agent's fees and other offering expenses.

Our plan of operations is primarily focused on completing a clinical trial for Berubicin. We estimate that we will require additional financing of approximately $13 to $15 million to complete the potentially pivotal Phase 2 trial for Berubicin (taking into account our cash on hand as of March 31, 2024 of approximately $0.8 million) plus such additional working capital to fund our operations during the pendency of the trial (with such operations estimated at $4.5 to $5.0 million per annum). If capital is available to fund WP1244/WP1874 preclinical work to prepare for a Phase 1 trial, we would need to raise an additional $5.0 million to support near-term development of that program. Our current expectation is that our cash on hand is sufficient to fund our operations into the latter half of the second quarter of 2024. The timing and costs of clinical trials are difficult to predict and trial plans may change in response to evolving circumstances and as such the foregoing estimates may prove to be inaccurate.

We will need to raise very significant additional capital in the near term in order to meet our past due and future obligations and execute our business plan. If we are unable to raise sufficient funds, we will be required to develop and implement an alternative plan to further extend payables, reduce overhead or scale back our business plan until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful and if it is not successful we may need to cease operations entirely.

Summary of Cash Flows

Cash used in operating activities

Net cash used in operating activities was approximately $3,192,000 and $4,825,000 for the three months ended March 31, 2024 and 2023, respectively, and mainly included payments made for clinical trial preparation, officer compensation, insurance, marketing and professional fees to our consultants, attorneys and accountants.

Cash provided by financing activities

Net cash provided by financing activities was approximately $3,459,000 for the three months ended March 31, 2024, related to the sale of common stock and exercise of warrants, which were offset by the repayment of notes payable. Net cash used in financing activities was approximately $120,000 for the three months ended March 31, 2023, related to the repayment of notes payable, which were offset by the exercise of warrants.

Off-balance Sheet Arrangements

As of March 31, 2024, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Purchase Commitments

We do not have any material commitments for capital expenditures, although we are required to pay certain milestones fees to HPI as described in the section "Overview" above.

JOBS Act Accounting Election

The Jumpstart Our Business Startups Act of 2012, or the JOBS Act, exempts an "emerging growth company" such as us from being required to comply with new or revised financial accounting standards until private companies are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. We elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of our financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates, assumptions and judgments that affect the amounts reported in the financial statements, including the notes thereto. As a result, management is required to routinely make judgments and estimates about the effects of matters that are inherently uncertain. Actual results may differ from these estimates under different conditions or assumptions. Management determined there were no critical accounting estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures and Changes in Internal Control over Financial Reporting

We maintain a set of disclosure controls and procedures designed to ensure that material information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that material information is accumulated and communicated to our management, including our chief executive officer, who serves as our principal executive officer, and our chief financial officer, who serves as our principal financial officer, as appropriate, to allow timely decisions regarding required disclosures.

Under the supervision, and with the participation of our management, including our chief executive officer and our chief financial officer, we conducted an evaluation of the effectiveness, as of March 31, 2024, of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Based upon such evaluation, our chief executive officer and our chief financial officer have concluded that, as of March 31, 2024, our disclosure controls and procedures were, and continue to be, ineffective because of the material weaknesses in our internal control over financial reporting due to lack of segregation of duties (resulting from the limited number of personnel available), limited access to timely and complete information regarding the status of costs incurred in the activation of investigational sites and costs from treating patients in our study which is a result of the use of a third-party Contract Research Organization ("CRO") to manage the study, and the lack of formal documentation of our control environment. Management is commencing actions to address the lack of formal documentation of our control environment, although this will not address the lack of segregation of duties. Management is also working with the CRO to improve the timeliness and completeness of the data reported to the Company to address this material weakness, as well as conducting increased analytical analysis of such data to be performed by the Company.

In light of the material weakness described above, we continue to perform additional analysis and other post-closing procedures to ensure our financial statements are prepared in accordance with GAAP. Accordingly, we believe that the financial statements included in this report fairly present, in all material respects, our financial condition, results of operations and cash flows for the periods presented. Additional experienced personnel will be hired in the accounting and finance department, appropriate consultants will be retained, and our accounting system will be upgraded as soon as it becomes economically feasible and sustainable.

Other than as described above, there has been no change in our internal control over financial reporting during our most recent calendar quarter 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

From time to time in the ordinary course of our business, we may be involved in legal proceedings, the outcomes of which may not be determinable. The results of litigation are inherently unpredictable. Any claims against us, whether meritorious or not, could be time consuming, result in costly litigation, require significant amounts of management time and result in diversion of significant resources. We are not able to estimate an aggregate amount or range of reasonably possible losses for those legal matters for which losses are not probable and estimable. We have insurance policies covering potential losses where such coverage is cost effective.

We are not at this time involved in any legal proceedings.

Item 1A. Risk Factors

In addition to the other information set forth in this report, you should carefully consider the factors set forth below and discussed in the section entitled "Risk Factors" in our 2023 Annual Report on Form 10-K, filed with the SEC, which are incorporated herein by reference. The risks described in such reports are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

If we are unable to maintain compliance with the listing requirements of The Nasdaq Capital Market by July 15, 2024, our common stock will be delisted from The Nasdaq Capital Market which could have a material adverse effect on our financial condition and could make it more difficult for shareholders to sell their shares.

Our common stock is listed on The Nasdaq Capital Market, and we are therefore subject to its continued listing requirements, including requirements with respect to the market value of publicly-held shares, market value of listed shares, minimum bid price per share, and minimum stockholder's equity, among others, and requirements relating to board and committee independence. If we fail to satisfy one or more of the requirements, we may be delisted from The Nasdaq Capital Market.

On August 17, 2023, we were notified by the Listing Qualifications Department (the "Staff") of the Nasdaq Stock Market ("Nasdaq") that we were not in compliance with the minimum $2,500,000 stockholders' equity requirement for continued listing set forth in Listing Rule 5550(b). On February 27, 2024, the Staff notified us that we did not comply with the $1.00 minimum bid price requirement set forth under Listing Rule 5550(a)(2). On February 14, 2024, we were notified that because we had not regained compliance with the Nasdaq equity requirement, our securities would be delisted unless it requested a hearing. On February 21, 2024, we requested a hearing, which was held on April 18, 2024.

On May 6, 2024, we received notification from the Nasdaq Hearings Panel ("Panel") that it has granted an extension until July 15, 2024, to demonstrate compliance with Listing Rules 5550(a)(2) and 5550(b). We intend to implement a plan to meet the milestones set forth by the Panel prior to July 15, 2024, but such plan will require, among other items, the completion of a significant financing for which we have no commitments.

Delisting from The Nasdaq Capital Market would adversely affect our ability to raise additional financing through the public or private sale of equity securities, may significantly affect the ability of investors to trade our securities and may negatively affect the value and liquidity of our common stock. Delisting also could have other negative results, including the potential loss of employee confidence, the loss of institutional investors or interest in business development opportunities.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the period covered by this Quarterly Report, none of the Company's directors or executive officers has adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K under the Securities Exchange Act of 1934, as amended).

On January 10, 2020, Company entered into a Patent and Technology License Agreement ("Agreement") with The Board of Regents of The University of Texas System, an agency of the State of Texas, on behalf of The University of Texas M. D. Anderson Cancer Center ("UTMDACC"). Pursuant to the Agreement, the Company obtained a royalty-bearing, worldwide, exclusive license to certain intellectual property rights, including patent rights, related to the Company's recently announced WP1244 drug technology. In consideration, the Company must make payments to UTMDACC including an up-front license fee, annual maintenance fee, milestone payments and royalty payments (including minimum annual royalties) on sales of licensed products developed under the Agreement. The term of the Agreement expires on the last to occur of: (a) the expiration of all patents subject to the Agreement, or (b) fifteen years after execution; provided that UTMDACC has the right to terminate this Agreement in the event that the Company fails to meet certain commercial diligence milestones. The commercial diligence milestones are as follows (i) initiated PC toxicology to support filing of Investigational New Drug Application ("IND") or New Drug Application ("NDA") for the Licensed Product within the eighteen (18) month period following the Effective Date (ii) file and IND for the Licensed Product within three (3) year period following the Effective Date and (iii) Commencement of Phase I Study within the five (5) year period following the Effective Date. The Company has not met the commercial diligence milestones and has not paid the annual maintenance fee required as of the date hereof. On April 25, 2024, UTMDACC provided notice to the Company if its intent to terminate the WP1244 Agreement if the Company fails to pay the annual maintenance fee of $50,000, as well as $1,300 in expenses. As of the date hereof, the Company has not determined whether to cure the foregoing defaults. If the Company fails to cure the defaults, on May 25, 2024, the WP1244 Agreement will terminate. There are no termination penalty provisions in the Agreement.

On December 28, 2017, the Company entered into a Technology Rights and Development Agreement with Houston Pharmaceuticals, Inc. ("HPI"). Under the HPI License the Company obtained the exclusive right to develop certain chemical compounds for use in the treatment of cancer anywhere in the world. On May 14, 2024, the Company provided notice to HPI of its intent to terminate the HPI License effective on or about July 14, 2024. As the patents under HPI License have expired, the Company does not believe the termination of the HPI License will effect its ability to continue its development of Berubicin. There are no penalty provisions in the HPI License related to such termination.

Item 6. Exhibits

INDEX TO EXHIBITS

Exhibit Number	Description
3.1	Certificate of Amendment to the Amended and Restated Articles of Incorporation of CNS Pharmaceuticals, Inc., filed with the Secretary of State of the State of Nevada (incorporated by reference to exhibit 3.1 of the Form 8-K filed May 3, 2024)
4.1	Form of Series A Common Warrant issued in January 2024 offering (incorporated by reference to exhibit 4.1 of the Form 8-K filed February 2, 2024)
4.2	Form of Series B Common Warrant issued in January 2024 offering (incorporated by reference to exhibit 4.2 of the Form 8-K filed February 2, 2024)
4.3	Form of Pre-Funded Warrant issued in January 2024 offering (incorporated by reference to exhibit 4.3 of the Form 8-K filed February 2, 2024)
10.1	Placement Agent Agreement dated January 29, 2024 by and among CNS Pharmaceuticals, Inc., A.G.P./Alliance Global Partners and Maxim Group LLC (incorporated by reference to exhibit 1.1 of the Form 8-K filed February 2, 2024)
10.2	Form of Securities Purchase Agreement (incorporated by reference to exhibit 10.1 of the Form 8-K filed February 2, 2024)
10.3	Form of Amendment to Common Stock Purchase Warrants (incorporated by reference to exhibit 10.2 of the Form 8-K filed February 2, 2024)
10.4	CNS Pharmaceuticals, Inc. 2020 Equity Plan (as amended April 30, 2024) (incorporated by reference to exhibit 10.1 of the Form 8-K filed May 3, 2024)
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*(1)	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*(1)	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted in iXBRL, and included in exhibit 101).

* Filed herewith.

(1) The certifications on Exhibit 32 hereto are deemed not "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. Such certifications will not be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

SIGNATURES

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

CNS PHARMACEUTICALS, INC.

SIGNATURE	TITLE	DATE
/s/ John Climaco John Climaco	Chief Executive Officer and Director (principal executive officer)	May 15, 2024
/s/ Christopher Downs Christopher Downs	Chief Financial Officer (principal financial and accounting officer)	May 15, 2024

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

I, John Climaco, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CNS 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 we 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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.

May 15, 2024

By: /s/ John Climaco
John Climaco
Chief Executive Officer
(Principal executive officer)

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER

I, Christopher Downs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CNS 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 we 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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.

May 15, 2024

By: /s/ Christopher Downs
Christopher Downs
Chief Financial Officer
(Principal financial and accounting officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of CNS Pharmaceuticals, Inc., a Nevada corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended March 31, 2024 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 15, 2024

By: /s/ John Climaco
John Climaco
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of CNS Pharmaceuticals, Inc., a Nevada corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The quarterly report on Form 10-Q for the quarter ended March 31, 2024 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 15, 2024

By: /s/ Christopher Downs
Christopher Downs
Chief Financial Officer
(Principal financial and accounting officer)