# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 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 September 30, 2020**
**OR**

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

**Commission File Number: 001-33958**


# SELLAS Life Sciences Group, Inc.

*(Exact name of registrant as specified in its charter)*

| **Delaware** | **20-8099512** |
|---|---|
| *(State of incorporation)* | *(I.R.S. Employer Identification No.)* |

**7 Times Square, Suite 2503, New York, NY 10036**
**(917) 438-4353**

*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

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

| Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $0.0001 par value per share | SLS | The Nasdaq Stock Market LLC |

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ | Smaller reporting company | ☒ |
| Emerging growth company | ☐ | | |

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

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

As of November 13, 2020, SELLAS Life Sciences Group, Inc. had outstanding 9,461,978 shares of common stock.

## EXPLANATORY NOTE

Unless stated otherwise, the information contained in these consolidated financial statements gives effect to a one-for-fifty reverse stock split of our shares of common stock effected on November 7, 2019. See Note 3 under our consolidated financial statements for further information.

**SELLAS LIFE SCIENCES GROUP, INC.**
**FORM 10-Q - Quarterly Report**
**For the Quarter Ended September 30, 2020**

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Unless the context otherwise indicates, references in these notes to the “Company,” “we,” “us” or “our” refer to SELLAS Life Sciences Group, Inc. and its wholly owned subsidiaries.

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements that reflect our current views with respect to our development programs, business strategy, business plan, financial performance and other future events. These statements include forward-looking statements both with respect to us, specifically, and our industry, in general. Such forward-looking statements include the words “expect,” “intend,” “plan,” “believe,” “project,” “estimate,” “may,” “should,” “anticipate,” “will” and similar statements of a future or forward-looking nature identify forward-looking statements.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Forward-looking statements are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. In addition, while the Company expects the COVID-19 pandemic to have both a direct and an indirect impact on its business operations and financial results, the extent of the impact on the Company’s clinical development and regulatory efforts, its corporate development objectives, its financial position and the value of and market for its common stock will depend on future developments that are highly uncertain and cannot be predicted with confidence at this time, such as the ultimate duration of the pandemic, travel restrictions, quarantines, social distancing and business closure requirements in the United States and in other countries, and the effectiveness of actions taken globally to contain and treat the disease, including the availability of safe and effective vaccines and the uptake thereof. There are or will be important factors that could cause actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those factors set forth in the sections captioned “Risk Factors,” “Legal Proceedings,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in this Quarterly Report on Form 10-Q, in our Annual Report on Form 10-K for the year ended December 31, 2019 as filed with the Securities and Exchange Commission ("SEC") on March 13, 2020 ("2019 Annual Report") and in our other public filings with the SEC, all of which you should review carefully. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

## PART I FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

**SELLAS LIFE SCIENCES GROUP, INC.**
**CONSOLIDATED BALANCE SHEETS**
**(Amounts in thousands, except share and per share data)**
**(Unaudited)**

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 8,203 | $ 7,277 |
| Restricted cash and cash equivalents | 100 | 100 |
| Stock subscription receivable | — | 308 |
| Prepaid expenses and other current assets | 1,030 | 557 |
| Total current assets | 9,333 | 8,242 |
| Operating lease right-of-use asset | 911 | 217 |
| In-process research and development | 5,700 | 5,700 |
| Goodwill | 1,914 | 1,914 |
| Deposits and other assets | 651 | 536 |
| Total assets | $ 18,509 | $ 16,609 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | $ 1,779 | $ 3,902 |
| Accrued expenses and other current liabilities | 2,304 | 1,171 |
| Operating lease liability | 136 | 217 |
| Total current liabilities | 4,219 | 5,290 |
| Operating lease liability, non-current | 873 | — |
| Deferred tax liability | 262 | 262 |
| Warrant liability | 27 | 52 |
| Contingent consideration | 5,180 | 4,912 |
| Total liabilities | 10,561 | 10,516 |
| Commitments and contingencies (Note 6) | | |
| Stockholders' equity: | | |
| Preferred stock, $0.0001 par value; 5,000,000 shares authorized; Series A convertible preferred stock, 17,500 shares designated; no shares issued and outstanding at September 30, 2020 and December 31, 2019 | — | — |
| Common stock, $0.0001 par value; 350,000,000 shares authorized, 9,461,978 and 5,080,100 shares issued and outstanding at September 30, 2020 and December 31, 2019, respectively. | 10 | 5 |
| Additional paid-in capital | 122,126 | 107,235 |
| Accumulated deficit | (114,188) | (101,147) |
| Total stockholders' equity | 7,948 | 6,093 |
| Total liabilities and stockholders' equity | $ 18,509 | $ 16,609 |

See accompanying notes to these unaudited consolidated financial statements.

**SELLAS LIFE SCIENCES GROUP, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Amounts in thousands, except share and per share data)**
**(Unaudited)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Operating expenses: | | | | |
| Research and development | $ 2,367 | $ 1,799 | $ 6,511 | $ 5,039 |
| General and administrative | 2,125 | 2,385 | 6,312 | 7,523 |
| Total operating expenses and operating loss | (4,492) | (4,184) | (12,823) | (12,562) |
| Non-operating income (expense), net: | | | | |
| Change in fair value of warrant liability | 6 | (49) | 25 | 1,108 |
| Change in fair value of contingent consideration | 13 | (28) | (268) | (510) |
| Interest income, net | — | 59 | 25 | 91 |
| Total non-operating income (expense), net | 19 | (18) | (218) | 689 |
| Net loss | (4,473) | (4,202) | (13,041) | (11,873) |
| Deemed dividend arising from warrant modifications | — | (7,268) | (78) | (8,659) |
| Net loss attributable to common stockholders | $ (4,473) | $ (11,470) | $ (13,119) | $ (20,532) |
| | | | | |
| Per share information: | | | | |
| Net loss per common share attributable to common stockholders, basic and diluted | $ (0.53) | $ (2.68) | $ (1.83) | $ (11.37) |
| Weighted-average common shares outstanding, basic and diluted | 8,418,038 | 4,281,855 | 7,174,859 | 1,805,773 |

See accompanying notes to these unaudited consolidated financial statements.

**SELLAS LIFE SCIENCES GROUP, INC.**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**
**(Amounts in thousands, except share amounts)**
**(Unaudited)**

| | Three Months Ended September 30, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Preferred Stock | | Common Stock | | | | |
| | Shares | Amount | Shares | Amount | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
| Balance at June 30, 2020 | — | $ — | 6,717,900 | $ 7 | $ 113,491 | $ (109,715) | $ 3,783 |
| Issuance of common stock and common stock warrants, net of issuance costs | — | — | 2,744,078 | 3 | 8,489 | — | 8,492 |
| Stock-based compensation | — | — | — | — | 146 | — | 146 |
| Net loss | — | — | — | — | — | (4,473) | (4,473) |
| Balance at September 30, 2020 | — | $ — | 9,461,978 | $ 10 | $ 122,126 | $ (114,188) | $ 7,948 |

| | Nine Months Ended September 30, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Preferred Stock | | Common Stock | | | | |
| | Shares | Amount | Shares | Amount | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Equity |
| Balance at December 31, 2019 | — | $ — | 5,080,100 | $ 5 | $ 107,235 | $ (101,147) | $ 6,093 |
| Issuance of common stock and common stock warrants, net of issuance costs | — | — | 3,933,078 | 4 | 14,451 | — | 14,455 |
| Issuance of common stock upon exercise of pre-funded warrants | — | — | 448,800 | 1 | 3 | — | 4 |
| Stock-based compensation | — | — | — | — | 437 | — | 437 |
| Exercise of stock options | — | — | — | — | — | — | — |
| Net loss | — | — | — | — | — | (13,041) | (13,041) |
| Balance at September 30, 2020 | — | $ — | 9,461,978 | $ 10 | $ 122,126 | $ (114,188) | $ 7,948 |

| | Three Months Ended September 30, 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Preferred Stock | | Common Stock | | | | |
| | Shares | Amount | Shares | Amount | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
| Balance at June 30, 2019 | — | $ — | 2,002,702 | $ 2 | $ 103,862 | $ (89,526) | $ 14,338 |
| Issuance of common stock and common stock warrants, net of issuance costs | — | — | 2,032,950 | 2 | 381 | — | 383 |
| Issuance of common stock upon exercise of pre-funded warrants | — | — | 513,326 | 1 | 2 | — | 3 |
| Issuance of common stock upon vesting of restricted stock units | — | — | 230 | — | — | — | — |
| Stock-based compensation | — | — | — | — | 115 | — | 115 |
| Net loss | — | — | — | — | — | (4,202) | (4,202) |
| Balance at September 30, 2019 | — | $ — | 4,549,208 | $ 5 | $ 104,360 | $ (93,728) | $ 10,637 |

| | Nine Months Ended September 30, 2019 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Preferred Stock | | Common Stock | | | | |
| | Shares | Amount | Shares | Amount | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Equity |
| Balance at December 31, 2018 | — | $ — | 440,529 | $ 1 | $ 87,099 | $ (81,855) | $ 5,245 |
| Issuance of common stock and common stock warrants, net of issuance costs | — | — | 527,344 | — | 13,416 | — | 13,416 |
| Issuance of common stock for exercise of warrants, net of offering costs | — | — | 2,095,949 | 2 | 3,656 | — | 3,658 |
| Issuance of common stock upon exercise of pre-funded warrants | — | — | 1,485,156 | 2 | 6 | — | 8 |
| Issuance of common stock upon vesting of restricted stock units | — | — | 230 | — | — | — | — |
| Stock-based compensation | — | — | — | — | 426 | — | 426 |
| Impact of anti-dilution protection on liability-classified warrants | — | — | — | — | (243) | — | (243) |
| Net loss | — | — | — | — | — | (11,873) | (11,873) |
| Balance at September 30, 2019 | — | $ — | 4,549,208 | $ 5 | $ 104,360 | $ (93,728) | $ 10,637 |

See accompanying notes to these unaudited consolidated financial statements.

**SELLAS LIFE SCIENCES GROUP, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Amounts in thousands)**
**(Unaudited)**

| | For the nine months ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| Cash flows from operating activities: | | |
| Net loss | $ (13,041) | $ (11,873) |
| Adjustment to reconcile net loss to net cash used in operating activities: | | |
| Non-cash stock-based compensation | 437 | 426 |
| Change in operating lease right of use assets | 98 | — |
| Change in fair value of common stock warrants | (25) | (1,108) |
| Change in fair value of contingent consideration | 268 | 510 |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses and other assets | (588) | (480) |
| Accounts payable | (2,123) | (227) |
| Accrued expenses and other current liabilities | 1,133 | (715) |
| Net cash used in operating activities | (13,841) | (13,467) |
| Cash flows from financing activities: | | |
| Proceeds from issuance of common stock, net of offering costs | 14,455 | 13,652 |
| Collection of stock subscription receivable | 308 | — |
| Net proceeds from exercise of warrants | 4 | 3,598 |
| Net cash provided by financing activities | 14,767 | 17,250 |
| Net increase in cash, cash equivalents, restricted cash, and restricted cash equivalents | 926 | 3,783 |
| Cash, cash equivalents, restricted cash, and restricted cash equivalents at the beginning of period | 7,377 | 5,451 |
| Cash, cash equivalents, restricted cash, and restricted cash equivalents at the end of period | $ 8,303 | $ 9,234 |
| | | |
| **Supplemental disclosure of cash flow information:** | | |
| Cash received during the period for interest | $ 25 | $ 87 |
| **Supplemental disclosure of non-cash investing and financing activities:** | | |
| Operating right of use asset and current and non-current lease liability | $ 976 | $ 550 |
| Impact of anti-dilution protection on liability-classified warrants | $ — | $ 243 |
| Offering expenses in accounts payable and accrued expenses and other current liabilities | $ — | $ 236 |
| Reclassification of warrant liabilities upon exercise | $ — | $ 68 |

See accompanying notes to these unaudited consolidated financial statements.

**SELLAS LIFE SCIENCES GROUP, INC.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Unaudited)**

## 1. Description of Business

### Overview

SELLAS Life Sciences Group, Inc. (the "Company" or "SELLAS") is a late-stage clinical biopharmaceutical company focused on novel cancer immunotherapeutics for a broad range of cancer indications. SELLAS' lead product candidate, galinpepimut-S ("GPS"), is licensed from Memorial Sloan Kettering Cancer Center and targets the Wilms Tumor 1 ("WT1") protein, which is present in an array of tumor types. GPS has potential as a monotherapy or in combination to address a broad spectrum of hematologic malignancies and solid tumor indications. In January 2020, the Company commenced a Phase 3 trial for GPS monotherapy in patients with acute myeloid leukemia, or AML, in the maintenance setting after achievement of their second complete remission. SELLAS' second product candidate, nelipepimut-S ("NPS"), is a HER2-directed cancer immunotherapy with potential for the treatment of patients with early stage breast cancer with low to intermediate HER2 expression, otherwise known as HER2 1+ or 2+, which includes triple negative breast cancer patients, following standard of care.

As used in this Quarterly Report on Form 10-Q, the words the "Company," and "SELLAS" refer to SELLAS Life Sciences Group, Inc. and its consolidated subsidiaries following the completion of the business combination with Galena Biopharma, Inc., a Delaware corporation ("Galena"), and SELLAS Life Sciences Group, Ltd., a privately held Bermuda exempted company ("Private SELLAS"), in December 2017. This business combination is referred to as the Merger. Upon completion of the Merger, the Company's name changed from "Galena Biopharma, Inc." to "SELLAS Life Sciences Group, Inc." and the Company's financial statements became those of Private SELLAS.

On March 11, 2020, the World Health Organization declared the outbreak of a new coronavirus as a “pandemic”. First identified in late 2019 and known now as COVID-19, the coronavirus outbreak has impacted millions of individuals worldwide and continues to present substantial public health and economic challenges around the world. It is difficult to predict with any certainty the length of time and the full extent to which the pandemic will continue to impact, directly and indirectly, our business and operations. The duration and extent of the impact of the pandemic will depend on future developments, which are highly uncertain, subject to change and cannot be predicted with confidence, including the duration of the outbreak, the emergence of new geographic hotspots where the coronavirus is spreading more rapidly, the re-emergence of more severe outbreaks in the fall or winter, new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. In particular, the continued spread of the coronavirus globally could adversely impact the Company's clinical trial operations and could have an adverse impact on the Company's business and the Company's financial results. The Company continues to monitor the situation closely, especially the extent to which precautions taken by clinical sites are impacting the timelines for the Company's clinical trials, including the Company's Phase 3 GPS trial, but given the uncertainty, management cannot estimate the impact of the COVID-19 pandemic on the Company's financial statements or operations.

## 2. Liquidity

The Company has not generated any revenues, including from product sales, and has funded operations primarily from the proceeds of sales of its equity interests and convertible notes. It is likely that additional financing, beyond the financings described below, will be required by the Company to continue to fund its research and development activities. No assurance can be given that any such financing will be available when needed or that the Company's research and development efforts will be successful. The Company cannot be certain at this time of the impact of the COVID-19 pandemic on its ability to raise additional capital as needed, or on acceptable terms.

On July 31, 2020, the Company entered into a Securities Purchase Agreement (the "PIPE Purchase Agreement") with certain investors (the "PIPE Investors"), pursuant to which the Company agreed to issue and sell, in a private placement directly to the PIPE Investors (the "July 2020 PIPE Offering"), 2,744,078 shares of its common stock and accompanying warrants to purchase up to an aggregate of 2,744,078 shares of common stock at a combined purchase price of $3.335 per share and accompanying warrant. The warrants were immediately exercisable upon issuance at an exercise price of $3.30 per share and will expire five years from the date of issuance. The July 2020 PIPE Offering closed on August 4, 2020. The net proceeds to the Company from the July 2020 PIPE Offering, after deducting placement agent fees and related offering expenses, and excluding the exercise of any warrants, were approximately $8.5 million.

On January 9, 2020, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain investors (the "Investors"), pursuant to which the Company agreed to issue and sell, in a registered direct offering by the Company directly to the Investors (the "January 2020 Registered Offering"), (i) an aggregate of 1,189,000 shares of common stock at an offering price of $3.9825 per share and (ii) an aggregate of 448,800 pre-funded warrants exercisable for shares of common stock (the "Pre-Funded Warrants") at an offering price of $3.9725 per Pre-Funded Warrant, for gross proceeds of approximately $6.5 million before deducting the placement agent fee and related offering expenses. In a concurrent private placement, the Company issued to the Investors who participated in the January 2020 Registered Offering warrants exercisable for up to an aggregate of 818,900 shares of common stock at an exercise price of $3.93 per share. Each warrant is immediately exercisable upon issuance and will expire five and one-half years from the issuance date. The net proceeds to the Company from the January 2020 Registered Offering, after deducting placement agent fees and related offering expenses, and excluding the exercise of any warrants, were approximately $6.0 million.

The Company regularly explores alternative means of financing its operations and seeks funding through various sources, including public and private securities offerings, collaborative arrangements with third parties and other strategic alliances and business transactions.

The Company currently does not have any commitments to obtain additional funds and may be unable to obtain sufficient funding in the future on acceptable terms, if at all. If the Company cannot obtain the necessary funding, it will need to delay, scale back or eliminate some or all of its research and development programs or enter into collaborations with third parties to commercialize potential products or technologies that it might otherwise seek to develop or commercialize independently, consider various other strategic alternatives, including a merger or sale of the Company, or cease operations. If the Company engages in collaborations, it may receive lower consideration upon commercialization of such products than if it had not entered into such arrangements or if it entered into such arrangements at later stages in the product development process.

The Company has evaluated the guidance of Accounting Standards Codification ("ASC") 205-40, *Presentation of Financial Statements - Going Concern*, in order to determine whether there is substantial doubt about its ability to continue as a going concern for one year from the date its financial statements are available to be issued. The Company has prepared its consolidated financial statements assuming that it will continue as a going concern, which contemplates realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred net losses and negative cash flows from operations since inception and it expects to generate losses from operations for the foreseeable future primarily due to research and development costs for its product candidates, which raises substantial doubt about the Company's ability to continue as a going concern. Various internal and external factors will affect whether and when the Company's product candidates become approved drugs and how significant their market share will be, some of which are outside of the Company's control. The length of time and cost of developing and commercializing these product candidates and/or the failure of any of them at any stage of the drug approval process will materially affect the Company's financial condition and future operations. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

As of September 30, 2020, the Company had cash and cash equivalents of approximately $8.2 million, and restricted cash and cash equivalents of $0.1 million. The Company has incurred recurring losses and negative cash flows from operations and has an accumulated deficit of $114.2 million as of September 30, 2020. In addition, the Company had current liabilities of $4.2 million as of September 30, 2020. The Company expects its cash and cash equivalents as of September 30, 2020 will enable the Company to fund its operating expenses and capital expenditure requirements through the second quarter of 2021.

## 3. Basis of Presentation and Significant Accounting Policies

The Summary of Significant Accounting Policies included in the Company's 2019 Annual Report have not materially changed, except as set forth below.

*Basis of Presentation*

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

*Principles of Consolidation*

The consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated upon consolidation. Unless the context otherwise indicates, reference in these notes to the "Company" refer to SELLAS Life Sciences Group, Inc., and its wholly owned subsidiaries, Private SELLAS, SLSG Limited, LLC, Sellas Life Sciences Limited, and Apthera, Inc. The functional currency of the Company's non-U.S. operations is the U.S. dollar.

*Unaudited Interim Results*

These consolidated financial statements and accompanying notes should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto included in the 2019 Annual Report. The accompanying consolidated financial statements at September 30, 2020 and for the three and nine months ended September 30, 2020 and 2019, are unaudited, but include all adjustments, consisting of normal recurring entries, that management believes to be necessary for a fair presentation of the periods presented. Interim results are not necessarily indicative of results for a full year. Balance sheet amounts as of December 31, 2019 have been derived from the audited financial statements as of that date.

*Reverse Stock Split*

On November 6, 2019, the Company filed a certificate of amendment to its amended and restated Certificate of Incorporation to effect a 1 - for - 50 reverse stock split of the Company's outstanding shares of common stock, which became effective on November 7, 2019. The shares of common stock underlying the Company's outstanding options and warrants were also proportionately adjusted for the reverse stock split. In addition, the number of shares of common stock available for issuance under the Company's equity incentive plans and employee stock purchase plan were proportionately adjusted for the reverse stock split. Further, the per share exercise prices for options granted under such plans were proportionately adjusted for the reverse stock split. The reverse stock split reduced the number of shares of the Company's common stock that were outstanding at November 8, 2019 from 227,800,147 to 4,549,208, after the cancellation of fractional shares. No fractional shares were issued in connection with the reverse stock split. Stockholders who otherwise held fractional shares of the Company's common stock as a result of the reverse stock split received a cash payment in lieu of such fractional shares. These consolidated financial statements give retroactive effect to such reverse stock split and all share and per share amounts have been adjusted accordingly.

*Restricted Stock Units with Performance and Service Conditions*

During the nine months ended September 30, 2020, the Board of Directors granted restricted stock units ("RSUs") to certain employees that vest based on performance and service conditions. The fair values of the RSUs are measured on the date of grant and are based on the Company's closing stock price on such date. Compensation expense is recognized for the number of RSUs expected to be earned, provided the requisite service period has been rendered, after assessing the probability that certain performance criteria will be met. Cumulative adjustments are recorded each quarter to reflect the estimated outcome of the performance-related conditions until the date results are determined and settled. If performance criteria are not met or are not expected to be met, any compensation expense previously recognized to date associated with the RSUs will be reversed.

*Net Loss Per Share*

Net loss per share is computed by dividing net loss applicable to common stockholders by the weighted average number of shares of common stock outstanding during each period. Diluted loss per share includes the effect, if any, from the potential exercise or conversion of securities, such as warrants, stock options and unvested restricted stock that would result in the issuance of incremental shares of common stock. In computing the basic and diluted net loss per share, the weighted average number of shares remains the same for both calculations due to the fact that when a net loss exists, dilutive shares are not included in the calculation as the impact is anti-dilutive.

The following potentially dilutive securities outstanding have been excluded from the computation of diluted weighted average shares outstanding, as they would be anti-dilutive (in thousands):

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| Common stock warrants | 3,864 | 302 |
| Stock options | 208 | 23 |
| RSUs | 170 | — |
| | 4,242 | 325 |

*Recent Accounting Pronouncements Adopted*

In August 2018, FASB issued No. ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement ("ASU No. 2018-13")*. ASU No. 2018-13 modifies, adds and removes certain specific disclosure requirements on fair value measurements in Topic 820. The amendments in ASU No. 2018-13 are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. This standard became effective for the Company on January 1, 2020 and did not have a material impact on the Company's disclosures. For the new disclosure regarding our Level 3 instruments, please read Note 4 to these consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Improvements to Nonemployee Share-Based Accounting ("ASU No. 2018-07")*, which simplifies the accounting for share-based payments granted to nonemployees for goods and services. ASU No. 2018-07 supersedes ASC 505-50 and expands the scope of ASC 718, *Compensation - Stock Compensation (Topic 718) ("ASC 718")*, to include all share-based payment arrangements related to the acquisition of goods and services from both nonemployees and employees. As a result, most of the guidance in ASC 718 associated with employee share-based payments, including most of its requirements related to classification and measurement, applies to nonemployee share-based payment arrangements. ASU No. 2018-07 generally requires an entity to use a modified retrospective transition approach, with a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year, for all (1) liability-classified nonemployee awards that have not been settled as of the adoption date and (2) equity-classified nonemployee awards for which a measurement date has not been established. This standard became effective for the Company on January 1, 2020 and did not have a material impact on the Company's consolidated financial statements and related disclosure.

*Recent Accounting Pronouncements*

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.* This guidance applies to all entities and aims to reduce the complexity of tax accounting standards while enhancing reporting disclosures. This guidance is effective for fiscal years beginning after December 15, 2020 and interim periods therein. Early adoption is permitted for any annual periods for which financial statements have not been issued and interim periods therein. The Company is currently analyzing the impact of ASU No. 2019-12 on the consolidated financial statements and related disclosures.

## 4. Fair Value Measurements

The following tables present information about the Company's assets and liabilities measured at fair value on a recurring basis in the consolidated balance sheets (in thousands):

| Description | September 30, 2020 | Quoted Prices In Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Assets: | | | | |
| Cash equivalents | $ 8,002 | $ 8,002 | $ — | $ — |
| Total assets measured and recorded at fair value | $ 8,002 | $ 8,002 | $ — | $ — |
| Liabilities: | | | | |
| Warrant liability | $ 27 | $ — | $ — | $ 27 |
| Contingent consideration | 5,180 | — | — | 5,180 |
| Total liabilities measured and recorded at fair value | $ 5,207 | $ — | $ — | $ 5,207 |

| Description | December 31, 2019 | Quoted Prices In Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Assets: | | | | |
| Cash equivalents | $ 7,027 | $ 7,027 | $ — | $ — |
| Total assets measured and recorded at fair value | $ 7,027 | $ 7,027 | $ — | $ — |
| Liabilities: | | | | |
| Warrant liability | $ 52 | $ — | $ — | $ 52 |
| Contingent consideration | 4,912 | — | — | 4,912 |
| Total liabilities measured and recorded at fair value | $ 4,964 | $ — | $ — | $ 4,964 |

The Company did not transfer any financial instruments into or out of Level 3 classification during the three or nine months ended September 30, 2020 or during the year ended December 31, 2019. See Note 8, Warrants to Acquire Shares of Common Stock, for a reconciliation of the changes in the fair value of the warrant liability for the nine months ended September 30, 2020.

A reconciliation of the change in the fair value of the contingent consideration liability for the nine months ended September 30, 2020 is as follows (in thousands):

| | Fair Value Measurements Using Significant Unobservable Inputs (Level 3) |
|---|---|
| Contingent consideration, December 31, 2019 | $ 4,912 |
| Change in the estimated fair value of the contingent consideration | 268 |
| Contingent consideration, September 30, 2020 | $ 5,180 |

The fair value of the contingent consideration is measured at the end of each reporting period using Level 3 inputs in a probability-weighted, discounted cash-outflow model. The contingent consideration relates to Galena's acquisition of Apthera, Inc. in 2011 and the future contingent payments of up to $32.0 million based on the achievement of certain development and commercial milestones relating to the Company's nelipepimut-S ("NPS") product candidate, of which $2.0 million has been paid to date. The remaining contingent consideration of up to $30.0 million is payable at the election of the Company in either cash or shares of common stock, provided that the Company may not issue any shares in satisfaction of any contingent consideration unless it has first obtained approval from its stockholders in accordance with Rule 5635(a) of the Nasdaq Marketplace Rules.

The significant unobservable assumptions include the probability of achieving each milestone, the date the Company expects to reach the milestone, and a determination of present value factors used to discount future expected cash outflows. Changes in fair value reflect new information about the probability and anticipated timing of meeting the conditions of the milestone payments. In the absence of new information, changes in fair value will only reflect the interest component of contingent consideration related to the passage of time. As of September 30, 2020, estimated future contingent milestone payments related to the Company's business range from zero, if no milestone events are achieved, to a maximum of $30.0 million if all development and commercial milestones are reached. As of September 30, 2020, resulting probability-weighted cash flows were discounted using a weighted average cost of capital of 11.8% for development milestones and cost of debt of 5.4% for the commercial milestones. The Company estimates the timing of achievement of these development milestones to range from five to eight years as of September 30, 2020.

## 5. Balance Sheet Accounts

Prepaid expenses and other current assets consist of the following (in thousands):

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Insurance | $ 693 | $ 200 |
| Clinical trial costs | 181 | 224 |
| Professional fees | 125 | 49 |
| Other | 31 | 84 |
| Prepaid expenses and other current assets | $ 1,030 | $ 557 |

Accrued expenses and other current liabilities consist of the following (in thousands):

| | September 30, 2020 | December 31, 2019 |
|---|---|---|
| Clinical trial costs | $ 1,202 | $ 371 |
| Compensation and related benefits | 719 | 606 |
| Professional fees | 383 | 194 |
| Accrued expenses and other current liabilities | $ 2,304 | $ 1,171 |

## 6. Commitments and Contingencies

*Office Space*

During the second quarter of 2020, the Company entered into a non-cancelable operating lease for certain executive, administrative, and general business office space for its headquarters in New York, New York, which began on June 5, 2020 and has a term through December 31, 2024. The Company recognized a current operating lease liability of $0.1 million and a non-current operating lease liability of $0.9 million with a corresponding right of use asset ("ROU") of $1.0 million, which is based on the present value of the minimum rental payments of the lease. The discount rate of the Company's operating lease under ASC 842 is the Company's estimated incremental borrowing rate of 13%. As of September 30, 2020, the lease has a remaining term of 4.25 years.

The Company had a non-cancelable operating lease for office space in New York, New York, which began on August 1, 2018 with a term through July 31, 2020. The Company adopted ASC 842 in the first quarter of 2019 and as a result of the adoption, the Company recognized a current operating lease liability of $0.4 million and a non-current operating lease liability of $0.2 million with a corresponding ROU of $0.6 million, which is based on the present value of the minimum lease payments of the lease. The discount rate used to account for the Company's operating lease under ASC 842 is the Company's estimated incremental borrowing rate of 13%. The lease expired on July 31, 2020.

Rent expense related to the Company's operating leases was approximately $0.1 million for each of the three months ended September 30, 2020 and 2019. Rent expense related to the Company's operating leases was approximately $0.3 million for each of the nine months ended September 30, 2020 and 2019. Future minimum lease payments under the Company's non-cancelable operating leases are as follows as of September 30, 2020 (in thousands):

| | | |
|---|---|---|
| Future minimum lease payments: | | |
| 2020 (remaining) | $ | 75 |
| 2021 | | 302 |
| 2022 | | 311 |
| 2023 | | 321 |
| 2024 | | 330 |
| Total future minimum lease payments | | 1,339 |
| Less: imputed interest | | (330) |
| Current and non-current operating lease liability | $ | 1,009 |

Operating lease amortization of the ROU asset was $0.1 million for each of the three months ended September 30, 2020 and 2019 and $0.3 million for each of the nine months ended September 30, 2020 and 2019.

*Legal Proceedings*

From time to time, the Company is subject to various pending or threatened legal actions and proceedings, including those that arise in the ordinary course of its business, which may include employment matters, breach of contract disputes and stockholder litigation. Such actions and proceedings are subject to many uncertainties and to outcomes that are not predictable with assurance and that may not be known for extended periods of time. The Company records a liability in its consolidated financial statements for costs related to claims, including future legal costs, settlements and judgments, when the Company has assessed that a loss is probable and an amount can be reasonably estimated. If the reasonable estimate of a probable loss is a range, the Company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. The Company discloses a contingent liability even if the liability is not probable or the amount is not estimable, or both, if there is a reasonable possibility that a material loss may have been incurred. In the opinion of management, as of the date hereof, the amount of liability, if any, with respect to these matters, individually or in the aggregate, will not materially affect the Company's consolidated results of operations, financial position or cash flows.

The Company's predecessor company, Galena, was involved in multiple legal proceedings and administrative actions, including stockholder class actions, both state and federal. The remaining legal proceedings to which the Company is now subject are as follows:

On February 13, 2017, certain putative shareholder securities class action complaints were filed in federal court alleging, among other things, that Galena and certain of Galena's former officers and directors failed to disclose that Galena's promotional practices for Abstral® (fentanyl sublingual tablets) were allegedly improper and that Galena may be subject to civil and criminal liability, and that these alleged failures rendered Galena's statements about its business misleading. The actions were consolidated, lead plaintiffs were named by the U.S. District Court for the District of New Jersey and a consolidated complaint was filed. The Company filed a motion to dismiss the consolidated complaint. On August 21, 2018, the Company's motion to dismiss the consolidated complaint was granted without prejudice to file an amended complaint. On September 20, 2018, the plaintiffs filed an amended complaint. On October 22, 2018, the Company filed a motion to dismiss the amended complaint. On November 13, 2019, the U.S. District Court for the District of New Jersey granted the Company's motion to dismiss. On December 20, 2019, the lead plaintiffs filed a Second Amended Consolidated Class Action Complaint. On January 29, 2020, the Company filed a motion to dismiss the amended complaint.

In March 2017, a derivative complaint was filed in the U.S. District Court for the District of New Jersey against the Company's former directors and Galena, as a nominal defendant. In July 2017, a derivative complaint was filed in California state court against the Company's former directors and Galena, as a nominal defendant. In January 2018, a derivative complaint was filed in the U.S. District Court for the District of New Jersey against the Company's former directors, officers and employees, and the Company as a nominal defendant. These complaints purport to assert derivative claims for breach of fiduciary duty on the Company's behalf against the Company's former directors and, in certain of the complaints, certain of the Company's former officers and former employees, based on substantially similar facts as alleged in the putative shareholder securities class action complaints mentioned above. The derivative lawsuit filed in California state court is currently stayed pending resolution of a motion to dismiss in the referenced securities class action. On July 13, 2020 and July 16, 2020, respectively, the Company filed motions to dismiss the two complaints filed in the U.S. District Court for the District of New Jersey.

## 7. Stockholders' Equity

*Preferred Stock*

The Company has authorized up to 5,000,000 shares of preferred stock, $0.0001 par value per share, for issuance.

*Common Stock*

The Company has authorized up to 350,000,000 shares of common stock, $0.0001 par value per share, for issuance.

On October 29, 2019, the Company entered into an Equity Distribution Agreement (the "Distribution Agreement") with Maxim Group LLC (the "Agent"), pursuant to which the Company was permitted to offer and sell shares of common stock through the Agent having an aggregate offering price up to $5.0 million in gross proceeds. In connection with such sales, the Agent collected fees equal to 3% of the gross sales price of all shares of common stock sold. Sales of the shares under the Distribution Agreement were made in transactions deemed to be "at the market offering" as defined in Rule 415 under the Securities Act of 1933. Shares sold under the Distribution Agreement were offered and sold pursuant to the Company's effective registration statement on Form S-3. During the year ended December 31, 2019, the Company sold 524,097 shares of common stock pursuant to the Distribution Agreement for net proceeds of $2.7 million. The Distribution Agreement was terminated on January 9, 2020. There were no shares of common stock sold pursuant to the Distribution Agreement in 2020.

On January 9, 2020, the Company entered into a Securities Purchase Agreement (the “Purchase Agreement”) with certain investors (the “Investors”), pursuant to which the Company agreed to issue and sell, in a registered direct offering by the Company directly to the Investors (the “January 2020 Registered Offering”), (i) an aggregate of 1,189,000 shares of common stock, par value $0.0001 per share, of the Company, at an offering price of $3.9825 per share and (ii) an aggregate of 448,800 pre-funded warrants exercisable for shares of common stock at an offering price of $3.9725 per pre-funded warrant, for gross proceeds of approximately $6.5 million before deducting the placement agent fee and related offering expenses. In a concurrent private placement, the Company issued to the Investors who participated in the January 2020 Registered Offering warrants exercisable for up to an aggregate of 818,900 shares of common stock at an exercise price of $3.93 per share. Each warrant was immediately exercisable upon issuance and will expire five and one-half years from the issuance date. The net proceeds to the Company from the January 2020 Registered Offering, after deducting placement agent fees and related offering expenses, and excluding the exercise of any warrants, was approximately $6.0 million.

On July 31, 2020, the Company entered into a Securities Purchase Agreement (the “PIPE Purchase Agreement”) with certain investors (the “PIPE Investors”), pursuant to which the Company agreed to issue and sell, in a private placement directly to the PIPE Investors (the "July 2020 PIPE Offering"), 2,744,078 shares of its common stock and accompanying warrants to purchase up to an aggregate of 2,744,078 shares of common stock at a combined purchase price of $3.335 per share and accompanying warrant. The warrants were immediately exercisable upon issuance at an exercise price of $3.30 per share and will expire five years from the date of issuance. The July 2020 PIPE Offering closed on August 4, 2020. The net proceeds to the Company from the July 2020 PIPE Offering, after deducting placement agent fees and related offering expenses, and excluding the exercise of any warrants, were approximately $8.5 million.

The shares of common stock (and shares of common stock underlying the warrants) issued in the July 2020 PIPE Offering were registered under the Securities Act of 1933, as amended, pursuant to a Registration Statement on Form S-3 (333-246333) filed with the Securities and Exchange Commission ("SEC") and declared effective on August 24, 2020.

As of September 30, 2020, the Company has shares of common stock reserved for future issuance as follows (in thousands):

| | |
|---|---|
| Warrants outstanding | 3,864 |
| Stock options outstanding | 208 |
| RSUs outstanding | 170 |
| Shares reserved for future issuance under the Company's 2019 Equity Incentive Plan | 101 |
| Shares reserved for future issuance under the Employee Stock Purchase Plan | 8 |
| Total common stock reserved for future issuance | 4,351 |

*Stock Subscription Receivable*

Prior to December 31, 2019, the Company sold 75,000 shares of common stock for gross proceeds of $0.3 million. As the gross cash proceeds of $0.3 million were not received until January 2, 2020, the Company recorded a stock subscription receivable of $0.3 million as of December 31, 2019.

## 8. Warrants to Acquire Shares of Common Stock

*Warrants Outstanding*

The following is a summary of the activity of the Company's warrants to acquire shares of common stock for the nine months ended September 30, 2020 (in thousands):

| Warrant Issuance | Outstanding, December 31, 2019 | Granted | Exercised | Canceled/Expired | Outstanding, September 30, 2020 | Expiration |
|---|---|---|---|---|---|---|
| July 2020 PIPE Offering | — | 2,744 | — | — | 2,744 | August 2025 |
| January 2020 Offering | — | 819 | — | — | 819 | July 2025 |
| Pre-funded January 2020 Offering | — | 449 | (449) | — | — | July 2025 |
| June 2019 Offering | 2 | — | — | — | 2 | June 2024 |
| March 2019 Exercise Agreement | 63 | — | — | — | 63 | March 2024 |
| July 2018 Offering | 208 | — | — | — | 208 | July 2023 |
| Series A Convertible Preferred | 19 | — | — | — | 19 | September 2023 |
| 2017 Equilibria | 6 | — | — | — | 6 | December 2022 |
| Galena February 2017 | 1 | — | — | — | 1 | February 2022 |
| Galena Other | 3 | — | — | (1) | 2 | January 2022 |
| | 302 | 4,012 | (449) | (1) | 3,864 | |

Warrants to acquire shares of common stock consist of warrants that may be settled in cash, which are liability-classified warrants, and equity-classified warrants.

*Warrants Classified as Liabilities*

Liability-classified warrants consist of warrants to acquire common stock issued in connection with previous equity financings for Series A Convertible Preferred Stock, Galena's February 2017 financing, and various other Galena equity financings that were assumed by the Company at the consummation of the Merger. These warrants may be settled in cash and were determined not to be indexed to the Company's common stock.

The estimated fair value of outstanding warrants accounted for as liabilities is determined at each balance sheet date. Any decrease or increase in the estimated fair value of the warrant liability since the most recent balance sheet date is recorded in the consolidated statement of operations as change in fair value of warrant liability. The fair value of the warrants is estimated using a Black-Scholes pricing model with the following inputs:

| | As of September 30, 2020 | | | | |
|---|---|---|---|---|---|
| Warrant Issuance | Outstanding (in thousands) | Strike price (per share) | Expected term (years) | Volatility % | Risk-free rate % |
| Series A Convertible Preferred | 19 | $ 7.50 | 3.00 | 131.54 % | 0.16 % |
| Galena February 2017 | 1 | $ 1,650.00 | 1.37 | 135.60 % | 0.13 % |
| Galena Other | 2 | $ 30,901.09 | 1.29 | 135.60 % | 0.13 % |

| | As of December 31, 2019 | | | | |
|---|---|---|---|---|---|
| Warrant Issuance | Outstanding (in thousands) | Strike price (per share) | Expected term (years) | Volatility % | Risk-free rate % |
| Series A Convertible Preferred | 19 | $ 7.50 | 3.75 | 112.84 % | 1.64 % |
| Galena February 2017 | 1 | $ 1,650.00 | 2.12 | 114.91 % | 1.64 % |
| Galena Other | 3 | $ 41,494.00 | 1.43 | 114.91 % | 1.64 % |

The expected volatility assumptions are based on the Company's implied volatility in combination with the implied volatilities of similar publicly traded entities. The expected life assumption is based on the remaining contractual terms of the warrants. The risk-free rate is based on the zero coupon rates in effect at the time of valuation. The dividend yield used in the pricing model is zero, because the Company has no present intention to pay cash dividends.

The changes in fair value of the warrant liability for the nine months ended September 30, 2020 were as follows (in thousands):

| Warrant Issuance | Warrant liability, December 31, 2019 | Fair value of warrants granted | Fair value of warrants exercised | Adjustment to exercise price of warrants | Change in fair value of warrants | Warrant liability, September 30, 2020 |
|---|---|---|---|---|---|---|
| Series A Convertible Preferred | $ 52 | $ — | $ — | $ — | $ (25) | $ 27 |
| Galena February 2017 | — | — | — | — | — | — |
| | $ 52 | $ — | $ — | $ — | $ (25) | $ 27 |

*Warrants Classified as Equity*

The pre-funded warrants exercisable for shares of common stock and warrants to acquire shares of common stock issued during the January 2020 Offering and concurrent private placement and the warrants to acquire shares of common stock issued during the July 2020 PIPE Offering were recorded as equity upon issuance. During its evaluation of equity classification of these pre-funded warrants and common stock purchase warrants, the Company considered the conditions as prescribed within ASC 815-40, *Derivatives and Hedging, Contracts in an Entity's own Equity* ("ASC 815-40"). The conditions within ASC 815-40 are not subject to a probability assessment. The pre-funded warrants exercisable for shares of common stock and warrants to acquire shares of common stock do not fall under the liability criteria within ASC 480, *Distinguishing Liabilities from Equity*, as they are not puttable and do not represent an instrument that has a redeemable underlying security. The pre-funded warrants exercisable for shares of common stock and warrants to acquire shares of common stock do meet the definition of a derivative instrument under ASC 815, but are eligible for the scope exception as they are indexed to the Company's own stock and would be classified in permanent equity if freestanding.

*Warrant Modification*

On March 6, 2019, the Company entered into a Warrant Exercise Agreement (the "March 2019 Exercise Agreement") with one of the holders of the Company's warrants issued in July 2018. Pursuant to the March 2019 Exercise Agreement, new warrants to purchase up to an aggregate of approximately 76,000 shares of common stock at an exercise price of $70.00 per share ("March 2019 Exercise Agreement Warrants") were issued on a share-for-share basis in an amount equal to the number of the warrants issued in 2018 that were cash exercised by the warrant holder prior to May 31, 2019. On January 2, 2020, the Company amended the March 2019 Exercise Agreement Warrants to provide for an exercise price of $7.50 per share (subject to adjustment for stock splits and the like). The reduced exercise price of the 63,000 March 2019 Exercise Agreement Warrants increased the fair value of these warrants by approximately $0.1 million during the nine months ended September 30, 2020, which is recorded as a deemed dividend increasing the net loss attributable to common stockholders and additional paid-in-capital.

## 9. Stock-Based Compensation

*2017 Equity Incentive Plan*

On December 29, 2017, the 2017 Equity Incentive Plan was approved by the stockholders of the Company, which provided for the issuance of up to a maximum of 24,204 shares of common stock underlying stock options granted prior to September 10, 2019. The 2017 Equity Incentive Plan was terminated upon the approval of the 2019 Incentive Plan subject to outstanding stock options granted under the 2017 Equity Incentive Plan that remain exercisable through maturity for the Company's employees and directors.

*2019 Equity Incentive Plan*

On September 10, 2019, the 2019 Equity Incentive Plan was approved by the stockholders of the Company, which currently allows for issuance of up to (i) 454,005 shares of common stock in connection with the grant of stock-based awards, including stock options, restricted stock, restricted stock units, stock appreciation rights and other types of awards as deemed appropriate plus (ii) 2,684 shares of common stock under the 2017 Equity Incentive Plan that were forfeited back to the Company subsequent to September 10, 2019 and are available for future issuance.

The number of shares reserved for issuance under the 2019 Equity Incentive Plan will automatically increase on January 1 of each year, for a period of not more than four years, commencing on January 1, 2020 and ending on (and including) January 1, 2023, by an amount equal to the lesser of (i) 5% of the total number of shares of common stock outstanding at the end of the prior fiscal year; and (ii) an amount determined by the board of directors or authorized committee. As of September 30, 2020, 100,689 shares of common stock were reserved for future grants under the 2019 Equity Incentive Plan.

The following table summarizes the components of stock-based compensation expense in the consolidated statements of operations for the three and nine months ended September 30, 2020 and 2019, respectively (in thousands):

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| Research and development | $ 5 | $ (1) | $ 10 | $ (4) |
| General and administrative | 141 | 116 | 427 | 430 |
| Total stock-based compensation | $ 146 | $ 115 | $ 437 | $ 426 |

*Options to Purchase Shares of Common Stock*

The Company uses the Black-Scholes option-pricing model to determine the fair value of all its stock options granted. The assumptions used during the nine months ended September 30, 2020 and 2019, respectively, were as follows:

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| Risk free interest rate | 0.62 % | 2.49 % |
| Volatility | 106.24 % | 96.57 % |
| Expected lives (years) | 6.15 | 6.20 |
| Expected dividend yield | — % | — % |

There were no options granted during the three months ended September 30, 2020 and 2019. The weighted-average grant date fair value of options granted during the nine months ended September 30, 2020 and 2019 was $1.53 and $54.00, respectively.

The Company's expected common stock price volatility assumption is based upon the Company's own implied volatility in combination with the implied volatility of a basket of comparable companies. The expected life assumptions for employee grants were based upon the simplified method, which averages the contractual term of the Company's options of ten years with the average vesting term of four years for an average of approximately six years. The expected life assumptions for non-employees were based upon the contractual term of the option. The dividend yield assumption is zero because the Company has never paid cash dividends and presently has no intention to do so. The risk-free interest rate used for each grant was also based upon prevailing short-term interest rates. The Company accounts for forfeitures as they occur.

As of September 30, 2020, there was $0.8 million of unrecognized compensation cost related to outstanding stock options that is expected to be recognized as a component of the Company's operating expenses over a weighted-average period of 2.12 years.

The following table summarizes stock option activity of the Company for the nine months ended September 30, 2020:

| | Total Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term (in years) | Aggregate Intrinsic Value (In Thousands) |
|---|---|---|---|---|
| Outstanding at December 31, 2019 | 21,520 | $ 112.81 | 8.98 | $ — |
| Granted | 186,000 | 1.87 | | $ — |
| Outstanding at September 30, 2020 | 207,520 | $ 13.38 | 9.33 | $ 145 |
| Options exercisable at September 30, 2020 | 10,892 | $ 129.19 | 8.16 | $ — |

The aggregate intrinsic values of outstanding and exercisable stock options at September 30, 2020 were calculated based on the closing price of the Company's common stock as reported on the Nasdaq Capital Market on September 30, 2020 of $2.65 per share. The aggregate intrinsic value equals the positive difference between the closing fair market value of the Company's common stock and the exercise price of the underlying stock options.

*RSUs with Performance and Service Conditions*

The Company granted RSUs subject to both performance-based and service-based vesting conditions to certain of its employees pursuant to the Company's 2019 Equity Incentive Plan that will settle in shares of common stock. These RSUs vest based on the achievement of certain clinical and regulatory milestones and the respective employee's continued employment with the Company. As of September 30, 2020, there was $0.3 million of unrecognized compensation cost related to outstanding RSUs.

The following table summarizes RSU activity of the Company for the nine months ended September 30, 2020:

| | Shares | Weighted Average Grant Date Fair Value |
|---|---|---|
| Unvested at December 31, 2019 | — | $ — |
| Granted | 170,000 | $ 1.89 |
| Vested | — | $ — |
| Unvested at September 30, 2020 | 170,000 | $ 1.89 |

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## 10. Subsequent Events

The Company evaluated all events or transactions that occurred after September 30, 2020 up through the date these financial statements were issued. Other than as disclosed elsewhere in the notes to the consolidated financial statements, the Company did not have any material subsequent events.

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

*This management's discussion and analysis of financial condition as of September 30, 2020 and results of operations for the three and nine months ended September 30, 2020 and 2019, respectively, should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in the 2019 Annual Report, and our other public reports filed with the SEC.*

### Overview

We are a late-stage clinical biopharmaceutical company focused on developing novel cancer immunotherapeutics for a broad range of cancer indications. Our product candidates currently include galinpepimut-S and nelipepimut-S.

*Galinpepimut-S, or GPS*

Our lead product candidate, galinpepimut-S, or GPS, is a cancer immunotherapeutic agent licensed from Memorial Sloan Kettering Cancer Center, or MSK, that targets the Wilms tumor 1, or WT1, protein, which is present in 20 or more cancer types. Based on its mechanism of action as a directly immunizing agent, GPS has potential as a monotherapy or in combination with other immunotherapeutic agents to address a broad spectrum of hematologic, or blood, cancers and solid tumor indications.

In February 2020, we commenced an investigator-sponsored clinical trial, or IST, of GPS in combination with Bristol-Myers Squibb's anti-PD-1 therapy, Opdivo® (nivolumab), in patients with malignant pleural mesothelioma, or MPM, which is being conducted at MSK. This Phase 1 open-label clinical study is enrolling patients with MPM who harbor relapsed or refractory disease after having received frontline standard of care multimodality therapy with the study drug provided by both us and Bristol-Myers Squibb. We expect initial data from this IST by the end of 2020.

In January 2020, we commenced a Phase 3 trial for GPS monotherapy in patients with acute myeloid leukemia, or AML, in the maintenance setting after achievement of their second complete remission, or CRem2, following successful completion of second-line antileukemic therapy. We expect this study, the Regal study, will be used as the basis for a Biologics License Application, or BLA, submission, subject to a statistically significant and clinically meaningful data outcome and agreement with the U.S. Food & Drug Administration, or the FDA. The study is expected to enroll approximately 116 patients at approximately 50 clinical sites in the United States and Europe and is contemplated to have a planned interim safety and futility analysis after 80 events (deaths) which we expect to occur by the end of 2021 or early 2022.

In December 2018, we initiated a Phase 1/2 multi-arm ('basket' type) clinical study of GPS in combination with Merck & Co., Inc.'s anti-PD-1 therapy, Keytruda® (pembrolizumab). We plan to enroll up to approximately 90 patients at up to 20 centers in the United States. The primary indication currently being studied in ovarian cancer (second or third line) with initial data from this study expected in the first half of 2021.

GPS was granted Orphan Drug Product Designations from the FDA, as well as Orphan Medicinal Product Designations from the European Medicines Agency, or EMA, for GPS in AML, MPM, and multiple myeloma, or MM, as well as Fast Track Designation for AML, MPM, and MM from the FDA.

*Nelipepimut-S or NPS*

Nelipepimut-S, or NPS, is a cancer immunotherapy targeting the human epidermal growth factor receptor, or HER2, expressing cancers. Following positive data for the patients in the TNBC cohort received in 2018 from our Phase 2b clinical trial of the combination of trastuzumab (Herceptin®) plus NPS in HER2 low expressing 1+ or 2+ per immunohistochemistry, or IHC) breast cancer patients in the adjuvant setting to prevent recurrences and subsequent discussions with the FDA, and based upon written feedback from the FDA and the totality of clinical, safety and translational NPS data to date, we have finalized the design and plan for a Phase 3 registration-enabling study of NPS in combination with trastuzumab for the treatment of patients with TNBC in the adjuvant setting after standard treatment. If successful, we believe this study may be considered as the basis for a BLA submission to the FDA. We are seeking out-licensing opportunities to fund and conduct the future clinical development of NPS in order to maximize the potential of the program and we do not plan to conduct and fund a Phase 3 program for NPS on our own.

*FBP-targeting bivalent vaccine (GALE-301/-302)*

In order to prioritize development of our core assets, we have determined to cease development of GALE-301 and GALE-302, cancer immunotherapies that target the E39 peptide derived from the folate binding protein, or FBP, which were licensed in from The Henry M. Jackson Foundation, or HJF, and the MD Anderson Cancer Center, or MDACC. We are currently negotiating a termination of the license agreement with HJF and MDACC.

## Impact of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a new coronavirus to be a “pandemic”. The COVID-19 pandemic continues to present substantial public health and economic challenges around the world which have impacted, and will continue to impact, millions of individuals and business worldwide. As we have historically functioned operationally as a semi-virtual company, the transition to “work-from-home” for our employees has not materially altered our business operations. We have implemented a return-to-work policy in compliance with federal, state and local requirements and guidance which provides for a hybrid of remote and in-office work, and we expect to operate on such a semi-virtual basis for the remainder of 2020 and into early 2021. We are continuously monitoring the impact of the pandemic on our clinical development programs. Our Phase 3 REGAL study is progressing, with the necessary work to activate additional sites in the United States and Europe has continued. During the third quarter of 2020, we initiated additional sites as planned. However, we are observing that clinical site initiations and patient enrollment may be delayed due to prioritization of hospital resources towards the COVD-19 pandemic. Clinicians and patients may not be able to comply with clinical trial protocols if quarantines impede patient movement or interrupt operations at sites. Accordingly, we are uncertain at this time the extent to which these newly initiated sites will be fully operational, which we believe could have an impact on the projected timing of the REGAL study. Additionally, several European Union countries in which we plan to initiate clinical sites, including Germany, France, and Italy, have imposed new "lockdown" restrictions in response to the recent surge in coronavirus cases throughout the European Union. Accordingly, we now believe that planned interim safety and futility analysis for the REGAL study may occur by the end of 2021 or early 2022. Screening is ongoing at the majority of the sites in the GPS + pembrolizumab combination study and we continue to expect initial clinical data from the basket study in the first half of 2021. We believe that the COVID-19 pandemic has not materially impacted our efforts to out-license NPS. The full extent to which the COVID-19 pandemic directly or indirectly impacts our business, results of operations and financial condition will depend on future developments that are highly uncertain, subject to change and cannot be predicted with confidence, including as a result of new information that may emerge concerning COVID-19, the actions taken to contain or treat COVID-19, the overall duration of the outbreak, the emergence of new geographic hotspots where the coronavirus is spreading more rapidly, and the re-emergence of more severe outbreaks in the fall or winter, among others. In particular, the continued spread of the coronavirus globally could adversely impact our clinical trial operations and could have an adverse impact on our business and the financial results.

## Components of Results of Operations

### *Research and Development Expense*

Research and development expense consists of expenses incurred in connection with the discovery and development of our product candidates. We expense research and development costs as incurred. These expenses include:

- expenses incurred under agreements with CROs, as well as investigative sites and consultants that conduct our preclinical studies and clinical trials;
- manufacturing expenses;
- quality control and quality assurance services;
- outsourced professional scientific development services;
- employee-related expenses, which include salaries, benefits and stock-based compensation;
- payments made under our license agreements, under which we acquired certain intellectual property;
- expenses relating to certain regulatory activities, including filing fees paid to regulatory agencies;
- laboratory materials and supplies used to support our research activities; and
- allocated expenses, utilities and other facility-related costs.

The successful development of our current and future product candidates is highly uncertain. At this time, we cannot reasonably estimate or know the nature, timing and costs of the efforts that will be necessary to complete the remainder of the development of, or when, if ever, material net cash inflows may commence from any current or future product candidates. This uncertainty is due to the numerous risks and uncertainties associated with the duration and cost of our clinical trials, which vary significantly over the life of a project as a result of many factors, including, but not limited to:

- the number of clinical sites included in the trials;
- the length of time required to enroll suitable patients;
- the number of patients that ultimately participate in the trials;
- the number of doses patients receive;
- the duration of patient follow-up;
- the results of clinical trials;
- the expenses associated with manufacturing;
- the receipt of marketing approvals;
- the commercialization of current and future product candidates; and
- the impact of the COVID-19 pandemic.

Our expenditures are subject to additional uncertainties, including the terms and timing of regulatory approvals. We may never succeed in achieving regulatory approval for any of our current or future product candidates. We may obtain unexpected results from our clinical trials. We may elect to discontinue, delay or modify clinical trials of some product candidates or target indications or focus on others. A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the FDA or other regulatory authorities were to require us to conduct clinical trials beyond those that we currently anticipate, or if we experience significant delays in enrollment in any of our clinical trials due to the COVID-19 pandemic or otherwise, we could be required to expend significant additional financial resources and time on the completion of clinical development. Cancer immunotherapy product commercialization may take several years and millions of dollars in development costs.

Research and development activities are central to our business model. Cancer immunotherapy product candidates in the later stages of clinical development generally have higher development costs than those in the earlier stages of clinical development, primarily due to the increased size and duration of the later-stage clinical trials. We expect our research and development expenses to increase for the foreseeable future as we conduct and complete our ongoing early and late stage clinical trials and initiate additional clinical trials.

### *General and Administrative Expense*

General and administrative expenses consist principally of salaries and related costs for personnel in executive, administrative, finance and legal functions, including stock-based compensation, travel expenses and recruiting expenses, fees for outside legal counsel, and director and officer insurance premiums. Other general and administrative expenses include facility related costs, patent filing and prosecution costs, professional fees for business development, accounting, consulting, legal and tax-related services associated with maintaining compliance with our Nasdaq listing and SEC reporting requirements, investor relations costs, and other expenses associated with being a public company.

If and when we believe that regulatory approval of a product candidate appears likely, we anticipate that an increase in general and administrative expenses will occur as a result of our preparation for commercial operations, particularly as it relates to the sales and marketing of such product candidate.

### *Non-Operating (Expense) Income, Net*

Non-operating (expense) income, net consists of changes in fair value of our warrant liability, changes in fair value of our contingent consideration, and interest income, net. Interest income, net primarily reflects interest earned from our cash and cash equivalents.

### *Critical Accounting Policies and Estimates*

In the 2019 Annual Report, we disclosed our critical accounting policies and estimates upon which our financial statements are derived. There have been no material changes to these policies since December 31, 2019 that are not included in Note 3 of the accompanying consolidated financial statements for the three and nine months ended September 30, 2020. Readers are encouraged to read the 2019 Annual Report in conjunction with this Quarterly Report on Form 10-Q.

## Results of Operations for the Three and Nine Months Ended September 30, 2020 and 2019

The following table summarizes our results of operations for the three months ended September 30, 2020 and 2019 (in thousands):

| | Three Months Ended September 30, | | |
|---|---|---|---|
| | 2020 | 2019 | Change |
| Operating expenses: | | | |
| Research and development | $ 2,367 | $ 1,799 | $ 568 |
| General and administrative | 2,125 | 2,385 | (260) |
| Total operating expenses and operating loss | (4,492) | (4,184) | (308) |
| Non-operating income (expense), net | 19 | (18) | 37 |
| Net loss | $ (4,473) | $ (4,202) | $ (271) |

The following table summarizes our results of operations for the nine months ended September 30, 2020 and 2019 (in thousands):

| | Nine Months Ended September 30, | | |
|---|---|---|---|
| | 2020 | 2019 | Change |
| Operating expenses: | | | |
| Research and development | $ 6,511 | $ 5,039 | $ 1,472 |
| General and administrative | 6,312 | 7,523 | (1,211) |
| Total operating expenses and operating loss | (12,823) | (12,562) | (261) |
| Non-operating income (expense), net | (218) | 689 | (907) |
| Net loss | $ (13,041) | $ (11,873) | $ (1,168) |

Further analysis of the changes and trends in our operating results are discussed below.

### *Research and Development*

Research and development expenses were $2.4 million for the three months ended September 30, 2020 compared to $1.8 million for the three months ended September 30, 2019. The $0.6 million increase was primarily attributable to a $0.3 million increase in clinical trial expenses primarily due to the initiation of our Phase 3 trial of GPS in AML in 2020, a $0.2 million increase in outsourced clinical and regulatory consulting services in support of our clinical programs, and a $0.1 million increase in personnel related expenses due to increased headcount. We anticipate that our research and development expenses will increase in the future as we continue to advance the development of GPS, including our Phase 3 trial of GPS in AML and the ongoing basket trial of GPS in combination with pembrolizumab.

Research and development expenses were $6.5 million for the nine months ended September 30, 2020 compared to $5.0 million for the nine months ended September 30, 2019. The $1.5 million increase was primarily attributable to a $1.1 million increase in clinical trial expenses primarily due to the initiation of our Phase 3 trial of GPS in AML in 2020, a $0.7 million increase in outsourced clinical and regulatory consulting services in support of our clinical programs, and a $0.2 million increase in personnel related expenses due to increased headcount. These increases were partially offset by a $0.2 million decrease in manufacturing expenses and a $0.3 million decrease in licensing fees per our license agreements.

### *General and Administrative*

General and administrative expenses were $2.1 million for the three months ended September 30, 2020 compared to $2.4 million for the three months ended September 30, 2019. The $0.3 million decrease was primarily due to a $0.2 million decrease in legal fees, a $0.2 million decrease in personnel related expenses due to reduced headcount, and a $0.1 million decrease in other general and administrative expenses. These decreases were partially offset by a $0.2 million increase in insurance premiums due to hardening insurance markets.

General and administrative expenses were $6.3 million for the nine months ended September 30, 2020 compared to $7.5 million for the nine months ended September 30, 2019. The $1.2 million decrease was primarily due to a $1.4 million decrease in legal fees, a $0.5 million decrease in personnel related expenses due to reduced headcount, and a $0.2 million decrease in professional services. These decreases were partially offset by a $0.7 million increase in insurance premiums due to hardening insurance markets and $0.2 million in outsourced professional services and public company costs.

### *Non-Operating Income (Expense), Net*

Non-operating income (expense), net for the three and nine months ended September 30, 2020 and 2019, respectively, was as follows (in thousands):

| | Three Months Ended September 30, | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|
| | 2020 | 2019 | Change | 2020 | 2019 | Change |
| Change in fair value of warrant liability | $ 6 | $ (49) | $ 55 | $ 25 | $ 1,108 | $ (1,083) |
| Change in fair value of contingent consideration | 13 | (28) | 41 | (268) | (510) | 242 |
| Interest income, net | — | 59 | (59) | 25 | 91 | (66) |
| Total non-operating income (expense), net | $ 19 | $ (18) | $ 37 | $ (218) | $ 689 | $ (907) |

Net non-operating income (expense) was nominal for the three months ended September 30, 2020 and 2019.

Net non-operating expense of $0.2 million during the nine months ended September 30, 2020 was primarily due to the increase in the change in the fair value of the contingent consideration liability partially offset by a slight decrease in the change in the fair value of the warrant liability and nominal interest income. The change in the fair value of contingent consideration liability reflect the interest component of contingent consideration related to the passage of time. The decrease in the estimated fair value of our warrant liability was primarily due to a decrease in our common stock price.

Net non-operating income of $0.7 million during the nine months ended September 30, 2019 was primarily due to a $1.1 million gain arising from the decrease in the fair value of liability-classified warrants to acquire shares of common stock, partially offset by a $0.5 million increase in the fair value of the contingent consideration liability. The decreases in the estimated fair value of our warrant liability were primarily due to decreases in our common stock price.

Interest income consisted of interest earned from our cash and cash equivalents.

The change in fair value of warrant liability and change in fair value of contingent consideration are non-cash in nature.

### *Income Tax Expense*

There was no income tax expense for the three and nine months ended September 30, 2020 and 2019. We continue to maintain a full valuation allowance against our net deferred tax assets.

## Liquidity and Capital Resources

We have not generated any revenue from product sales or collaboration and licensing agreements during the three and nine months ended September 30, 2020 and 2019. Since inception, we have incurred net losses, used net cash from our operations, and have funded substantially all of our operations through proceeds of the sale of equity securities and convertible notes.

On July 31, 2020, we entered into a Securities Purchase Agreement (the “PIPE Purchase Agreement”) with certain investors named therein (the “PIPE Investors”), pursuant to which we agreed to issue and sell, in a private placement directly to the PIPE Investors (the "July 2020 PIPE Offering"), 2,744,078 shares of its common stock and accompanying warrants to purchase an aggregate of up to 2,744,078 shares of common stock at a combined purchase price of $3.335 per share and accompanying warrant. The warrants are immediately exercisable at an exercise price of $3.30 per share and will expire five years from the date of issuance. The July 2020 PIPE Offering closed on August 4, 2020. The net proceeds to us from the July 2020 PIPE Offering, after deducting the placement agent fee and related offering expenses, and excluding the exercise of any warrants, were approximately $8.5 million.

On January 9, 2020, we entered into a Securities Purchase Agreement, or the Purchase Agreement, with certain investors named therein, or the Investors, pursuant to which we agreed to issue and sell, in a registered direct offering by us directly to the Investors, or the January 2020 Registered Direct Offering, (i) an aggregate of 1,189,000 shares of our common stock at an offering price of $3.9825 per share and (ii) an aggregate of 448,800 pre-funded warrants exercisable for shares of our common stock, or the Pre-Funded Warrants, at an offering price of $3.9725 per Pre-Funded Warrant, for gross proceeds of approximately $6.5 million before deducting the placement agent fee and related offering expenses. In a concurrent private placement, we issued to the Investors who participated in the January 2020 Registered Offering warrants exercisable for an aggregate of 818,900 shares of common stock at an exercise price of $3.93 per share. Each warrant is immediately exercisable and will expire five and one-half years from the issuance date. The net proceeds to us from the January 2020 Registered Direct Offering, after deducting the placement agent fee and related offering expenses, and excluding the exercise of any warrants, was approximately $6.0 million.

As of September 30, 2020, we had an accumulated deficit of $114.2 million, cash and cash equivalents of $8.2 million, and restricted cash and cash equivalents of $0.1 million. In addition, we had accounts payable and accrued expenses and other current liabilities of $4.2 million as of September 30, 2020. These matters raise substantial doubt about our ability to continue as a going concern. Our consolidated financial statements do not include any adjustments related to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty. We anticipate incurring additional losses until such time, if ever, that we can generate significant sales of any current or future product candidates in development.

This going concern assumption is based on management’s assessment of the sufficiency of our current and future sources of liquidity, considering whether or not it is probable we will be able to meet our obligations as they become due for at least one year from the date our consolidated financial statements are available to be issued, and if not, whether our liquidation is imminent. Our management believes that our cash and cash equivalents of $8.2 million as of September 30, 2020 will enable us to fund our operating expenses and capital expenditure requirements through the second quarter of 2021. We will require additional financing to fund our operations thereafter and to commercially develop any current or future product candidates. We may be required to delay, scale back or eliminate some or all of our research and development programs and place certain activities on hold or cease operations if we are unable to raise funds as needed.

We currently do not have any commitments to obtain additional funds and may be unable to obtain sufficient funding in the future on acceptable terms, if at all. Our management continues to evaluate different strategies to obtain the required funding for future operations. These strategies may include public and private placements of equity and/or debt securities, payments from potential strategic research and development collaborations, and licensing and/or marketing arrangements with pharmaceutical companies. Additionally, we continue to engage in active discussions with global and regional pharmaceutical companies for licensing and/or co-development rights to our pipeline candidates. To the extent that we raise additional capital through the sale of our common stock, the interests of our current stockholders may be diluted. If we issue additional preferred stock or convertible debt securities, it could affect the rights of our common stockholders or reduce the value of our common stock or any outstanding classes of preferred stock. There can be no assurance that these future funding efforts will be successful. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. An extended period of economic disruption could materially affect our access to sources of liquidity and financial condition.

Our future operations are highly dependent on a combination of factors, including (i) the timely and successful completion of additional financing transactions discussed above, (ii) our ability to complete revenue-generating partnerships with pharmaceutical companies, (iii) the success of our research and development activities, (iv) the development of competitive therapies by other biotechnology and pharmaceutical companies, and, ultimately, (v) regulatory approval and market acceptance of our proposed future products.

### *Cash Flows*

The following table summarizes our cash flows from operating and financing activities for the nine months ended September 30, 2020 and 2019 (in thousands):

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2020 | 2019 |
| Net cash (used in) provided by: | | |
| Operating activities | $ (13,841) | $ (13,467) |
| Financing activities | 14,767 | 17,250 |
| Net increase in cash, cash equivalents, restricted cash, and restricted cash equivalents | $ 926 | $ 3,783 |

### *Net Cash Flow from Operating Activities*

Net cash used in operating activities of $13.8 million during the nine months ended September 30, 2020 was primarily attributable to our net loss of $13.0 million and a $1.6 million net change in our operating assets and liabilities, which was offset by various net non-cash charges of $0.8 million. The net change in our operating assets and liabilities of $1.6 million is primarily attributable to an increase in prepaid expenses and other current assets of $0.6 million and a $1.0 million decrease in accounts payable and accrued expenses and other current liabilities.

Net cash used in operating activities of $13.5 million during the nine months ended September 30, 2019 was primarily attributable to our net loss of $11.9 million. This amount was impacted by a non-cash gain of $1.1 million from the decrease in the fair value of liability-classified warrants, partially offset by various net non-cash charges of $0.9 million, which was comprised of $0.5 million increase in the fair value of our contingent consideration liability, and a $0.4 million increase in stock-based compensation. The net change in our operating assets and liabilities of $1.4 million is primarily attributable to an increase in prepaid expenses of $0.5 million, and a $0.9 million decrease in our accounts payable and accrued expenses and other current liabilities as we paid down longer outstanding payables during the nine months ended September 30, 2019.

### *Net Cash Flow from Financing Activities*

We generated $14.8 million of net cash from financing activities for the nine months ended September 30, 2020. We received $14.5 million in aggregate net proceeds from our January 2020 Registered Offering and July 2020 PIPE Offering through the sale of securities and $0.3 million from the collection of our stock subscription receivable in January 2020.

We generated $17.3 million of net cash from financing activities for the nine months ended September 30, 2019. We received $13.7 million in net proceeds from our June 2019 Offering through the sale of shares of common stock, pre-funded warrants to acquire shares of common stock, and accompanying common stock warrants to acquire shares of common stock. As of September 30, 2019, we had $0.2 million of offering expenses from the June 2019 Offering in accounts payable and accrued expenses that were paid in the fourth quarter of 2019. In addition, during the nine months ended September 30, 2019, we received $3.6 million in net proceeds from the exercise of warrants and pre-funded warrants.

## Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet financing arrangements as of September 30, 2020.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

## ITEM 4. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, our principal executive officer and our principal financial officer (the "Certifying Officer"), evaluated the effectiveness of our disclosure controls and procedures. Disclosure controls and procedures are controls and procedures designed to reasonably assure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 (the "Exchange Act"), such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Disclosure controls and procedures are also designed to reasonably assure that such information is accumulated and communicated to our management, including the Certifying Officers, as appropriate to allow timely decisions regarding required disclosure. Based on these evaluations, the Certifying Officers have concluded, that, as of the end of the period covered by this Quarterly Report on Form 10-Q:

(a) our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and

(b) our disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed by us in the reports we file or submit under the Exchange Act was accumulated and communicated to our management, including the Certifying Officers, as appropriate to allow timely decisions regarding required disclosure.

### Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter ended September 30, 2020 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

Please refer to Note 6 (Commitments and Contingencies) to our consolidated financial statements contained in Part I, Item 1 (Financial Statements) of this Quarterly Report on Form 10-Q, which is incorporated into this item by reference.

### ITEM 1A. RISK FACTORS

Please refer to our note on forward-looking statements on page 2 of this Quarterly Report on Form 10-Q, which is incorporated into this item by reference.

In addition to the other information set forth in this report, you should carefully consider the risk factors discussed in our 2019 Annual Report. The risks described in such 2019 Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition, operating results and stock price.

## 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

None.

## ITEM 6. EXHIBITS

| Exhibit # | Description | Form | Exhibit | Filing Date |
|---|---|---|---|---|
| 3.1 | Composite Amended and Restated Certificate of Incorporation of the Registrant (formerly, Galena Biopharma, Inc.) amended as of December 27, 2017 | 10-K | 3.1 | April 13, 2018 |
| 3.2 | Amended and Restated By-Laws of the Registrant | 8-K | 3.3 | January 5, 2018 |
| 4.1 | Form of Warrant | 8-K | 4.1 | August 3, 2020 |
| 10.1 | Form of Purchase Agreement | 8-K | 10.1 | August 3, 2020 |
| 10.2 | Form of Registration Rights Agreement | 8-K | 10.2 | August 3, 2020 |
| 10.3 | First Amendment to Amended and Restated Exclusive License Agreement between SLSG Limited LLC and Memorial Sloan Kettering Cancer Center, effective as of September 29, 2020** | | | |
| 31.1 | Certification of Principal Executive Officer pursuant to Rule13a-14(a) and Rule 15d-14(a) of the Securities and Exchange Act, as amended.** | | | |
| 31.2 | Certification of Principal Financial Officer pursuant to Rule13a-14(a) and Rule 15d-14(a) of the Securities and Exchange Act, as amended.** | | | |
| 32.1 | Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. *** | | | |
| 101.INS | XBRL Instance Document.* | | | |
| 101.SCH | XBRL Taxonomy Extension Schema.* | | | |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase.* | | | |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase.* | | | |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase.* | | | |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase.* | | | |

* Indicates management contract or compensatory plans or arrangements.

** Filed herewith

*** The certification attached as Exhibit 32.1 accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed “filed” by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing of the registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**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.

**SELLAS Life Sciences Group, Inc.**

By: */s/ Angelos M. Stergiou*

Angelos M. Stergiou, MD, ScD h.c.
President and Chief Executive Officer

Date: November 13, 2020

**Exhibit 10.3**

**FIRST AMENDMENT TO AMENDED AND RESTATED EXCLUSIVE LICENSE AGREEMENT**

This First Amendment to Amended and Restated Exclusive License Agreement (this "***Amendment***"), effective as of September 29, 2020 (the "***Effective Date***"), is entered into by and between **SLSG Limited LLC** (together with its affiliates, hereinafter collectively "***Company***"), a Delaware limited liability company with a place of business at 15 West 38th Street, 10th Floor, New York, New York 10018, and **Memorial Sloan Kettering Cancer Center**, a New York not-for-profit corporation with a principal office address at 1275 York Avenue, New York, New York 10065 ("***MSK***").

WHEREAS, the Company is a wholly-owned subsidiary of Sellas Life Sciences Group Ltd., an exempted limited company incorporated under the laws of Bermuda with offices at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda ("***Sellas Limited***"); and

WHEREAS, Sellas Limited is a wholly-owned subsidiary of SELLAS Life Sciences Group, Inc., a Delaware corporation with a place of business at 15 West 38th Street, 10th Floor, New York, New York 10018; and

WHEREAS, Sellas Limited and MSK entered into that certain Amended and Restated Exclusive License Agreement, dated as of October 10, 2017 (the "***Agreement***"); and

WHEREAS, Sellas Limited assigned all of its right, title and interest in and to the Agreement to the Company pursuant to that certain Assignment of License dated as of June 28, 2019 by and between Sellas Limited, as assignor, and the Company, as assignee (the "***Assignment***"); and

WHEREAS, following and as a result of the execution of the Assignment, the Company is the successor-in-interest to Sellas Limited under the Agreement and is as of the Effective Date a Party and the Licensee under and pursuant to the Agreement; and

WHEREAS, the Parties to the Agreement desire to, and hereby do, amend the Agreement in accordance with the terms hereof.

NOW, THEREFORE, in exchange for the promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the Parties hereby agree as follows:

**1. Definitions.** Capitalized terms used, but otherwise not defined herein shall have the meanings given to such terms in the Agreement.

**2. Original Patent Rights – Exhibit A.** Exhibit A to the Agreement is hereby amended by deleting such Exhibit A in its entirety and substituting in place thereof the copy of Exhibit A attached hereto as Appendix 1 to this Amendment and made a part hereof. The definition of Original Patent Rights is automatically and without any further action by the Parties amended to include all of the patents and patent applications included within Exhibit A, as amended by this Amendment.

**3. Additional Patent Rights – Exhibit B.** Exhibit B to the Agreement is hereby amended by deleting such Exhibit B in its entirety and substituting in place thereof the copy of Exhibit B attached hereto as Appendix 2 to this Amendment and made a part hereof. The definition of Additional Patent Rights is automatically and without any further action by the Parties amended to include all of the patents and patent applications included within Exhibit B, as amended by this Amendment.

**4. Governing Law.** The validity, enforcement, construction, and interpretation of this Amendment are governed by the laws of the State of New York and the federal laws of the United States of America, excluding the laws of those jurisdictions pertaining to resolution of conflicts with laws of other jurisdictions.

**5. Successors and Assigns.** This Amendment is binding on, and inures to the benefit of, the Parties, their authorized and permitted heirs, successors and assigns.

**6. Counterparts; Effective Date.** The Parties may execute this Amendment by facsimile or other electronic transmission, in pdf file format or otherwise, and in counterparts. Each executed counterpart of this

Amendment will constitute an original document, and all executed counterparts, together, will constitute the same agreement. This Amendment will become effective as of the Effective Date.

**7. Complete Agreement; Ratification and Confirmation.** The headings of the Sections of this Amendment are solely for convenient reference and neither constitutes a part of this Amendment nor affect its meaning, interpretation, or effect. This Amendment, together with the Agreement, records the entire understanding of the Parties with respect to the terms of this Amendment and the Agreement and the restrictions and subject matter stated in it and them, and supersedes any previous or contemporaneous agreement, representation, or understanding, oral or written, by either of them. The Agreement, as amended by this Amendment, is in full force and effect, and is hereby ratified and confirmed by the Parties in every respect.

The foregoing Amendment is executed as of the Effective Date.

**SLSG LIMITED LLC**

| | |
|---|---|
| By: | /s/ Angelos Stergiou |
| Name: | Angelos Stergiou, M.D., ScD. h.c. |
| Title | President and Chief Executive Officer |
| | 15 West 38th Street, 10th Floor |
| | New York, NY 10018 |

**MEMORIAL SLOAN KETTERING CANCER CENTER**

| | |
|---|---|
| By: | /s/ Gregory Raskin |
| Name: | Gregor Raskin |
| Title | Vice President, Technology Development |
| | 1275 York Avenue, Box 524 |
| | New York, NY 10065 |

**Appendix 1 to the Amendment**

EXHIBIT A

**Original Patent Rights**

1. **SK1074 Synthetic HLA Binding Peptide Analogues and Uses Thereof**

| MSK Reference Number | Type of Filing | Application/Patent Number | Date of Filing |
|---|---|---|---|
| SK1074-01 | Provisional | 60/525,955 | Dec 1, 2003 |
| SK1074-03 | PCT | PCT/US2004/040347 | Nov 30, 2004 |
| SK1074-04 | National - Canada | CA 2,548,135 | May 31, 2006 |
| SK1074-02 | National – Europe<br>France<br>United Kingdom<br>Germany<br>Italy<br>Switzerland<br>Spain | EP 1708732 | Jun 29, 2006 |
| SK1074-05 | National - Australia | AU 2004294345 | Jul 6, 2006 |
| SK1074-06 | National - United States | 7,488,718 | Nov 30, 2004 |

**2. SK1219 WT1 HLA Class II-Binding Peptides and Compositions and Methods Comprising Same**

| MSK Reference Number | Type of Filing | Application/Patent Number | Date of Filing |
|---|---|---|---|
| SK1219-01 | Provisional | 60/726,608 | Oct 17, 2005 |
| SK1219-02 | Provisional | 60/728,304 | Oct 20, 2005 |
| SK1219-03 | PCT | PCT/US2006/040719 | Oct 17, 2006 |
| SK1219-04 | National – Europe<br>France<br>United Kingdom<br>Germany<br>Ireland<br>Italy<br>Switzerland<br>Spain | EP 1951281 | Apr 17, 2008 |
| SK1219-09 | National - Europe - Divisional<br>France<br>United Kingdom<br>Germany<br>Ireland<br>Italy<br>Switzerland<br>Spain | EP 2565201 | Jun 14, 2012 |
| SK1219-06 | National - United States | 8,765,687 | Sep 27, 2009 |
| SK1219-10 | Continuation | 9,233,149 | Sep 16, 2013 |
| SK1219-27 | Continuation | 10,221,224 | Jan 8, 2016 |
| SK1276-27 | Continuation | 16/270,444 | Feb 7, 2019 |
| SK1219-07 | National - Canada | 2,626,238 | Apr 17, 2008 |
| SK1219-18 | National -Canada - Divisional | 2,900,087 | Oct 17, 2006 |
| SK1219-08 | National - Australia | 2006304573 | Apr 17, 2008 |

**3. SK1225 Synthetic HLA Binding Peptide Analogues and Uses Thereof**

| MSK Reference Number | Type of Filing | Application/Patent Number | Date of Filing |
|---|---|---|---|
| SK1225-01 | Continuation | 7,598,221 | Sep 12, 2005 |

**4. Immunogenic WT-1 Peptides and Methods of Use Thereof**

| MSK Reference Number | Type of Filing | Application/Patent Number | Date of Filing |
|---|---|---|---|
| SK1233-01 | Provisional | 60/790,526 | Apr 10, 2006 |
| SK1233-02 | Provisional | 60/852,009 | Oct 17, 2006 |
| SK1233-03 | PCT | PCT/US2007/008853 | Apr 10, 2007 |
| SK1233-06 | National - Canada | CA 2645766 | Nov 9, 2008 |
| SK1233-05 | National - Europe<br>Austria<br>Belgium<br>Finland<br>France<br>United Kingdom<br>Germany<br>Greece<br>Ireland<br>Italy<br>Netherlands<br>Poland<br>Romania<br>Switzerland<br>Spain<br>Turkey | EP 2010209 | Nov 10, 2008 |
| SK1233-08 | National - Europe - Divisional | 16173687.1 | Apr 10, 2007 |
| SK1233-25 | Extension – Hong Kong | 17107134.3 | Jul 17, 2017 |
| SK1233-04 | National - United States | 9,265,816 | Dec 2, 2009 |
| SK1233-26 | Continuation | 16/359,897 | Mar 20, 2019 |

**Appendix 2 to the Amendment**

EXHIBIT B

**Additional Patent Rights**

**1. Immunogenic WT-1 Peptides and Methods of Use Thereof**

| Pearl Cohen Ref. | MSK Ref. | Type of Filing | Application/Patent Number | Date of Filing |
|---|---|---|---|---|
| P-76807-USP | SK2011-072-02 | US Provisional | 61/752,799 | January 15, 2013 |
| P-76807-US | SK2011-072-04 | National – US | 9,919,037 | July 14, 2015 |
| P-76807-US2 | SK2011-072-10 | Continuation | 15/920,335 | March 13, 2018 |
| P-76807-PC | SK2011-072-03 | PCT | PCT/US2014/011711 | January 15, 2014 |
| P-76807-AU | SK2011-072-05 | National - Australia | 2014207615 | January 15, 2014 |
| P-76807-AU1 | SK2011-072-11 | National - Australia - Divisional | 2018241209 | January 15, 2014 |
| P-76807-CA | SK2011-072-06 | National – Canada | 2,898,099 | January 15, 2014 |
| P-76807-CN | SK2011-072-08 | National – China | 201480010289.3 | January 15, 2014 |
| P-76807-MO | SK2011-072-14 | Extension – Macau | J/003740 | July 1, 2019 |
| P-76807-CN1 | SK2011-072-12 | National - China - Divisional | 201910196887.9 | January 15, 2014 |
| P-76807-HK | SK2011-072-15 | Extension – Hong Kong | 42020002109.5 | January 31, 2020 |
| P-76807-EP | SK2011-072-09 | National – Europe | EP14741142.5 | January 15, 2014 |
| P-76807-EP1 | (unknown) | National – Europe – Divisional | EP20193303.3 | August 28, 2020 |
| P-76807-JP | SK2011-072-07 | National – Japan | 6486278 | January 15, 2014 |
| P-76807-JP1 | SK2011-072-13 | National - Japan - Divisional | 2019027238 | January 15, 2014 |

**2. Methods and Compositions for Treating Cancer**

| Pearl Cohen Ref. | MSK Ref. | Type of Filing | Application Number | Date of Filing |
|---|---|---|---|---|
| P-79550-USP | (unknown) | US Provisional | 62/258,134 | Nov 20, 2015 |
| P-79550-PC | SK2015-113-02 | PCT | PCT/US2016/062865 | Nov 18, 2016 |
| P-79550-US | SK2015-113-03 | National – US | 15/777,514 | May 18, 2018 |
| P-79550-AU | SK2015-113-09 | National – Australia | 2016356708 | Nov 18, 2016 |
| P-79550-CA | SK2015-113-04 | National – Canada | 3,005,896 | Nov 18, 2016 |
| P-79550-CN | SK2015-113-05 | National – China | 201680077975.1 | Nov 18, 2016 |
| P-79550-HK | (unknown) | Extension – Hong Kong | 19119785.4 | Feb 21, 2019 |
| P-79550-EP | SK2015-113-08 | National – Europe | 16867262.4 | Nov 18, 2016 |
| P-79550-JP | SK2015-113-06 | National – Japan | 2018-526090 | Nov 18, 2016 |
| P-79550-KR | SK2015-113-07 | National – South Korea | 10-2018-7017393 | Nov 18, 2016 |

**3. Multi-Valent Immunotherapy Composition and Methods of Use for Treating WT1-Positive Cancers**

| SLE Ref. | Type of Filing | Application Number | Date of Filing |
|---|---|---|---|
| SEL.102P | US Provisional | 62/832,244 | April 10, 2019 |
| SEL.102XC1PCT | PCT | PCT/US2020/027681 | April 10, 2020 |

**Exhibit 31.1**

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Angelos M. Stergiou, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SELLAS Life Sciences Group, Inc.;

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

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

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

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

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

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

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

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

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

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

Dated: November 13, 2020

*/s/ Angelos M. Stergiou*

Angelos M. Stergiou, MD, ScD h.c.
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

**Exhibit 31.2**

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER**
**PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Angelos M. Stergiou, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of SELLAS Life Sciences Group, Inc.;

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

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

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

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

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

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

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

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

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

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

Dated: November 13, 2020

*/s/ Angelos M. Stergiou*

Angelos M. Stergiou, MD, ScD h.c.
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report of SELLAS Life Sciences Group, Inc., (the "Company") on Form 10-Q for the period ended September 30, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

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

2. The information contained in the Report fairly presents, in all material respects, the Company's financial condition and result of operations.

By: */s/ Angelos M. Stergiou*

Angelos M. Stergiou, MD, ScD h.c.
President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

Date: November 13, 2020

*A signed original of this written statement required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, and 18 U.S.C. Section 1350 has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.*

*This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.*