

Frequently Asked Questions regarding Rights and Warrants

When did Flex Pharma, Inc. announce the “Special Dividend” to right of warrants?

On July 18, 2019, in accordance with the terms of the merger agreement with Salarius Pharmaceuticals, LLC, Flex Pharma, Inc. (“Flex Pharma”) announced that its Board of Directors declared a special dividend on Flex Pharma’s common stock of one “right” per share of outstanding common stock to stockholders as of record as of the close of business on July 18, 2018.

<https://www.sec.gov/Archives/edgar/data/1615219/000119312519196567/d726785d425.htm>

Each right will entitle such stockholders to receive a warrant to purchase shares of Salarius Pharmaceuticals, Inc. (f/k/a Flex Pharma, Inc.) six months and one day following the closing date of the transaction.

What is the value of the Special Dividend / How is it calculated?

The value of the Special Dividend is the “Warrant Aggregate Value”, which is defined in merger agreement dated January 3, 2019, as amended. The Warrant Aggregate Value takes into consideration Flex Pharma’s net cash balance at the closing of the merger and the value of Flex Pharma as compared to the value of the post-merger combined entity. For further details, please refer to the calculations specified in the merger agreement.

<https://www.sec.gov/Archives/edgar/data/1615219/000119312519002000/d674389dex21.htm>

<https://www.sec.gov/Archives/edgar/data/1615219/000119312519187274/d774447dex21.htm>

When will the Special Dividend be paid and to whom? When and how will I receive physical or electronic documentation of the Special Dividend?

If you were a stockholder of record of Flex Pharma as of the close of business on July 18, 2019, our transfer agent, Computershare, distributed rights on July 19, 2019, in book-entry form, which rights will be converted into warrants to purchase shares of our common stock on January 20, 2020. No physical certificates were issued, nor are there any plans to do so. If you were a registered stockholder of record of Flex Pharma as of the close of business on July 18, 2019 with an account at Computershare, and would like to confirm receipt of your rights(s), you can do so by contacting Computershare at 1-877-373-6374. If you were a registered stockholder of record of Flex Pharma as of the close of business on July 18, 2019 with a broker account, please contact your broker for information regarding your rights.

Do I need to take further action on my rights in order to receive warrants?

If you received a right on shares of our common stock held by you, you do not have to take further action for the right to be converted into a warrant. On January 20, 2020, without further action, the right will be automatically converted into a warrant to purchase shares of our common stock.

What are the terms of the Special Dividend?

The terms of the rights are described in Flex Pharma's definitive proxy statement / prospectus / information statement dated April 29, 2019 (the "Proxy Statement"), as supplemented by the Supplement dated June 27, 2019 (the "Supplement"), each of which was filed with the Securities and Exchange Commission.

<https://www.sec.gov/Archives/edgar/data/1615219/000119312519126517/d675806d424b3.htm>

<https://www.sec.gov/Archives/edgar/data/1615219/000119312519182756/d751846d424b3.htm>

If you were a stockholder of record of Flex Pharma as of the close of business on July 18, 2019, our transfer agent distributed one right per share of common stock on July 19, 2019. Each right will entitle such stockholders to receive a warrant to purchase shares of our common stock six months and one day following the closing date of the merger. The warrants will contain customary terms and conditions, and:

- will have an exercise price per share of \$15.17, which is equal to the fair market value of a share of Flex Pharma's common stock on the closing date of the merger, as adjusted;
- will be immediately exercisable upon receipt, which receipt will be on January 20, 2020, which is the date that is six months and one day following the closing date of the merger;
- will be exercisable for five years after receipt, through January 20, 2025;
- will be subject to a cashless exercise, at our option, under certain circumstances; and
- will be exercisable, at a ratio of approximately 0.007896 per common share, and in the aggregate, with respect to approximately 142,711 shares of our common stock, which is the total number of shares of our common stock equal to the Warrant Aggregate Value divided by the value (determined using the Black-Scholes-Merton option pricing formula) of a warrant to purchase a share of Flex Pharma's common stock on the closing date of the merger.

For illustrative purposes, if a stockholder of record as of the close of business on July 18, 2019, held 273 shares of our common stock, such stockholder would have received 273 rights, and would have been subject to a 25:1 reverse stock split on July 19, 2019. As a result, after the closing of the merger on July 19, 2019, such stockholder's outstanding shares would have been reduced to 10 shares of our common stock as a result of the reverse stock split, with the fractional share amount being paid in cash. On the same date, such stockholder would have also received 273 rights. On January 20, 2020, such stockholder's 273 rights will be converted into a warrant to purchase approximately 2 shares of our common stock.

Because the record date for the rights was stockholders as of record on July 18, 2019, and the reverse stock split became effective on July 19, 2019, at 5:00 p.m. (ET), those who received rights may be different from those who were subject to the reverse stock split.

Are the “rights” to warrants listed on Nasdaq?

No, Flex Pharma has not listed, and does not intend to list, the rights or the warrants for trading on any exchange. The shares underlying the warrants, upon issue, will be listed and trading on the Nasdaq Capital Market.