UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended June 30, 2024

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

For the transition period from _____ to _____.

Commission file number: 001-37942

CervoMed Inc.

(Exact name of registrant as specified in its charter)

Delaware	**30-0645032**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
20 Park Plaza, Suite 424 **Boston, Massachusetts**	**02116**
(Address of principal executive offices)	(Zip Code)

(617) 744-4400
(Registrant's telephone number including area code)

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, par value $0.001 per share	CRVO	NASDAQ Capital Market

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 period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 Act).Yes ☐ No ☒

The number of shares of common stock outstanding at August 8, 2024 was 8,253,741 shares.

INTRODUCTORY NOTES

Note Regarding Company References and Other Defined Terms

As previously disclosed in our Current Report on Form 8-K filed with the SEC on August 17, 2023, on August 16, 2023, the Delaware corporation formerly known as "Diffusion Pharmaceuticals Inc." completed a merger transaction in accordance with the terms and conditions of the Agreement and Plan of Merger, dated March 30, 2023 (the "Merger Agreement") by and among Diffusion Pharmaceuticals Inc. ("Diffusion"), Dawn Merger Inc., a wholly-owned subsidiary of Diffusion ("Merger Sub") and EIP Pharma, Inc. ("EIP"), pursuant to which Merger Sub merged with and into EIP, with EIP surviving the Merger as a wholly-owned subsidiary of Diffusion (the "Merger"). At the Effective Time (as defined below), each outstanding share of EIP capital stock was converted into the right to receive 0.1151 shares of the Company's common stock and, immediately following the Effective Time, Diffusion changed its name from "Diffusion Pharmaceuticals Inc." to "CervoMed Inc."

For accounting purposes, the Merger is treated as a reverse recapitalization under US GAAP and EIP is considered the accounting acquirer. Accordingly, EIP's historical results of operations are deemed the Company's historical results of operations for all periods prior to the Merger and, for all periods following the Merger, the results of operations of the combined company will be included in the Company's consolidated financial statements. Following the completion of the Merger, the business conducted by the Company became primarily the business conducted by EIP prior to the Merger.

Accordingly, unless the context otherwise requires, all references in this Quarterly Report to (i) "CervoMed," the "Company," "we," "our," or "us," refer to the business of EIP for all dates and periods prior to August 16, 2023 and to the business of CervoMed for all dates and periods subsequent to (and including) August 16, 2023 and (ii) "common stock" refers to the common stock, par value $0.001 per share, of the Company. Historical share and per share figures of EIP have been retroactively restated based upon the Exchange Ratio of 0.1151.

We have also used several other defined terms in this Quarterly Report, many of which are explained or defined below:

Term	Definition
2015 Equity Plan	CervoMed Inc. 2015 Equity Incentive Plan, as amended
2018 Plan	CervoMed Inc. 2018 Employee, Director and Consultant Equity Incentive Plan, as amended
2020 Notes	the previously outstanding convertible promissory notes of EIP, dated as of December 4, 2020, as amended
2021 Notes	the previously outstanding convertible promissory notes of EIP, dated as of December 10, 2021, as amended
2022 Sales Agreement	our At-The-Market Sales Agreement, dated July 22, 2022, with BTIG, as agent
2024 Private Placement	our private placement of an aggregate of 2,532,285 units, each consisting of (i) (A) one share of common stock or (B) one Pre-Funded Warrant in lieu thereof and (ii) one Series A Warrant, for aggregate gross proceeds of up to approximately $149.4 million, completed on April 1, 2024
401(k) Plan	CervoMed Inc. 401(k) Defined Contribution Plan
AD	Alzheimer's Disease
Annual Report	our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the SEC on March 29, 2024
ASC	Accounting Standard Codification of the FASB
AscenD-LB Trial	our Phase 2a clinical trial evaluating neflamapimod for the treatment of patients with DLB, completed in the second half of 2021

ASU	Accounting Standards Update
BID	twice daily
BFC	basal forebrain cholinergic
Board	the board of directors of the Company
BTIG	BTIG LLC
CDR-SB	Clinical Dementia Rating Sum of Boxes test
CMO	contract manufacturing organization
CNS	central nervous system
Code	the U.S. Internal Revenue Code of 1986, as amended
Convertible Notes	collectively, the 2020 Notes and the 2021 Notes
CRO	contract research organization
DLB	dementia with Lewy bodies
Early-Stage DLB	patients with DLB who have not progressed to a point where they have biomarker (e.g., elevated plasma phosphorylated tau) or imaging evidence of hippocampal atrophy (i.e., significant neuronal loss in the hippocampus)
Effective Time	the effective time of the Merger on August 16, 2023
EIP Common Stock	the common stock, par value $0.001, of EIP issued and outstanding prior to the Merger
Exchange Act	Securities Exchange Act of 1934, as amended
Exchange Ratio	the “Exchange Ratio” as defined in the Merger Agreement
FASB	Financial Accounting Standards Board
FDA	U.S. Food and Drug Administration
FDIC	Federal Deposit Insurance Corporation
FTD	frontotemporal dementia
G&A	general and administrative
IT	information technology
MoCA	the Montreal Cognitive Assessment
Nasdaq	Nasdaq Stock Market, LLC
NIA	the National Institute on Aging of the National Institutes of Health
NIA Grant	the $21 million grant awarded to us by the NIA in January 2023 to support the RewinD-LB Trial
NIH	National Institutes of Health
NOL	net operating loss
p38α	p38 mitogen-activated protein kinase alpha
Pre-Funded Warrants	the pre-funded warrants each to purchase one share of common stock at a purchase price of $0.001 per share issued in connection with the 2024 Private Placement
ptau181	plasma phosphorylated tau at position 181
R&D	research and development
Regulation S-K	Regulation S-K promulgated under the Securities Act
RewinD-LB Trial	our Phase 2b clinical trial evaluating neflamapimod for the treatment of patients with Early-Stage DLB, initiated in the second quarter of 2023
ROU	right-of-use
SAB	scientific advisory board
SEC	U.S. Securities and Exchange Commission

Section 382	Section 382 of the Code
Securities Act	Securities Act of 1933, as amended
Series A Warrants	the warrants to purchase an aggregate of 2,532,285 shares of common stock at a purchase price of $39.24 per share issued in connection with the 2024 Private Placement
TID	three times daily
TUG	Timed Up and Go test
U.S.	United States of America
US GAAP	U.S. generally accepted accounting principles
Vertex	Vertex Pharmaceuticals Incorporated
Vertex Agreement	the Option and License Agreement, dated as of August 27, 2012, by and between EIP Pharma LLC and Vertex, as amended

Note Regarding Forward-Looking Statements

This Quarterly Report (including, for purposes of this Note Regarding Forward-Looking Statements, any information or documents incorporated herein by reference) includes express and implied forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events, competitive dynamics and industry change, and depend on the economic circumstances that may or may not occur in the future or may occur on longer or shorter timelines than anticipated. Although we believe that we have a reasonable basis for each forward-looking statement contained in this Quarterly Report, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition, liquidity, and prospects may differ materially from the forward-looking statements contained in this Quarterly Report. In addition, even if our results of operations, financial condition, liquidity, and prospects are consistent with the forward-looking statements contained in this Quarterly Report, they may not be predictive of actual results or reflect unanticipated developments in future periods.

Forward-looking statements appear in a number of places throughout this Quarterly Report. We may, in some cases, use terms such as “believes,” “estimates,” “anticipates,” “expects,” “plans,” “aims,” “seeks,” “intends,” “may,” “might,” “could,” “might,” “will,” “should,” “approximately,” “potential,” “target,” “project,” “contemplate,” “predict,” “forecast,” “continue,” or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. Forward-looking statements also include statements regarding our intentions, beliefs, projections, outlook, analyses or expectations concerning, among other things:

- our cash balances and our ability to obtain additional financing in the future;
- the success and timing of our ongoing RewinD-LB Trial and our other clinical and preclinical studies, including our ability to enroll subjects in our studies at anticipated rates and our ability to manufacture an adequate amount of drug supply for our studies;
- obtaining and maintaining intellectual property protection for our current or future product candidates and our proprietary technology;
- the performance of third parties, including contract research organizations, manufacturers, suppliers, and outside consultants, to whom we outsource certain operational, staff and other functions;
- our ability to obtain and maintain regulatory approval of our current or future product candidates and, if approved, our products, including the labeling under any approval we may obtain;
- our plans and ability to develop and commercialize our current or future product candidates and the outcomes of our research and development activities;
- our estimates regarding expenses, future revenues, capital requirements, and needs for additional financing;
- our future obligations under the Vertex Agreement;
- our failure to recruit or retain key scientific or management personnel or to retain our executive officers;

- the accuracy of our estimates of the size and characteristics of the potential markets for our current or future product candidates, the rate and degree of market acceptance of any of our current or future product candidates that may be approved in the future, and our ability to serve those markets;
- the success of products that are or may become available which also target the potential markets for our current or future product candidates;
- our ability to operate our business without infringing the intellectual property rights of others and the potential for others to infringe upon our intellectual property rights;
- any significant breakdown, infiltration, or interruption of our information technology systems and infrastructure;
- our ability to remediate our previously disclosed material weaknesses in our internal controls over financial reporting in a timely manner;
- recently enacted and future legislation related to the healthcare system;
- other regulatory developments in the U.S., European Union, and other foreign jurisdictions;
- our ability to satisfy the continued listing requirements of the Nasdaq or any other exchange on which our securities may trade in the future;
- uncertainties related to general economic, political, business, industry, and market conditions, including those related to the upcoming U.S. elections; and
- other risks and uncertainties, including those discussed under the heading "Risk Factors" herein and in our other public filings.

As a result of these and other factors, known and unknown, actual results could differ materially from our intentions, beliefs, projections, outlook, analyses, or expectations expressed in any forward-looking statements in this Quarterly Report. Accordingly, we cannot assure you that the forward-looking statements contained in this Quarterly Report will prove to be accurate or that any such inaccuracy will not be material. You should also understand that it is not possible to predict or identify all such factors, and you should not consider any such list to be a complete set of all potential risks or uncertainties. In light of the foregoing and the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. For all forward-looking statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

Any forward-looking statements that we make in this Quarterly Report speak only as of the date of such statement, and, except as required by applicable law or by the rules and regulations of the SEC, we undertake no obligation to update such statements to reflect events or circumstances after the date of this Quarterly Report or to reflect the occurrence of unanticipated events. Comparisons of current and any prior period results are not intended to express any ongoing or future trends or indications of future performance, unless explicitly expressed as such, and should only be viewed as historical data.

Note Regarding Trademarks, Trade Names, and Service Marks

This Quarterly Report includes trademarks, trade names, and service marks owned by us or other companies. All trademarks, service marks and trade names included in this Quarterly Report are the property of their respective owners. To the extent any such terms appear without the trade name, trademark, or service mark notice, such presentation is for convenience only and should not be construed as being used in a descriptive or generic sense.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CervoMed Inc.

Condensed Consolidated Balance Sheets
(unaudited)

	June 30, 2024	December 31, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 10,009,217	$ 7,792,846
Marketable securities, current	35,082,502	—
Prepaid expenses and other current assets	2,236,436	1,256,501
Grant receivable	—	915,404
Total current assets	47,328,155	9,964,751
Marketable securities, non-current	5,806,260	—
Other assets	56,234	7,770
Total assets	$ 53,190,649	$ 9,972,521
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 725,854	$ 662,471
Deferred grant revenue	1,401,501	—
Accrued expenses and other current liabilities	1,086,381	1,933,276
Total liabilities	3,213,736	2,595,747
Commitments and Contingencies (Note 9)		
Stockholders' Equity:		
Common stock, $0.001 par value: 1,000,000,000 shares authorized: 8,253,741 and 5,674,520 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively	8,253	5,674
Additional paid-in capital	109,260,391	61,811,889
Accumulated other comprehensive loss	(19,702)	—
Accumulated deficit	(59,272,029)	(54,440,789)
Total stockholders' equity	49,976,913	7,376,774
Total liabilities and stockholders' equity	$ 53,190,649	$ 9,972,521

See accompanying notes to unaudited condensed consolidated interim financial statements

CervoMed Inc.

Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023 (As Restated)	2024	2023 (As Restated)
Grant revenue	$ 3,288,971	$ 1,719,944	$ 5,636,221	$ 3,127,812
Operating expenses:				
Research and development	3,772,391	1,958,388	6,586,649	3,791,662
General and administrative	2,511,679	992,553	4,639,609	1,993,466
Total operating expenses	6,284,070	2,950,941	11,226,258	5,785,128
Loss from operations	(2,995,099)	(1,230,997)	(5,590,037)	(2,657,316)
Other income (expense):				
Other income (expense)	(247)	(212,211)	(277)	644,368
Interest income	678,441	17,707	759,074	53,111
Total other income, net	678,194	(194,504)	758,797	697,479
Net loss	$ (2,316,905)	$ (1,425,501)	$ (4,831,240)	$ (1,959,837)
Per share information:				
Net loss per share of common stock, basic and diluted	$ (0.27)	$ (2.75)	$ (0.65)	$ (3.78)
Weighted average shares outstanding, basic and diluted	8,702,764	518,140	7,436,633	518,140
Comprehensive loss:				
Net unrealized loss on marketable securities	(19,702)	—	(19,702)	—
Total comprehensive loss	$ (2,336,607)	$ (1,425,501)	$ (4,850,942)	$ (1,959,837)

See accompanying notes to unaudited condensed consolidated interim financial statements

CervoMed Inc.

Condensed Consolidated Statements of Changes in Convertible Preferred Stock and Stockholders' Equity (Deficit)
(unaudited)

	Three Month Period Ended June 30, 2024							
	Convertible preferred stock		Common Stock		Additional Paid-in Capital	Accumulated other comprehensive loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at March 31, 2024	—	$ —	6,170,479	$ 6,170	$ 62,285,332	$ —	$ (56,955,124)	$ 5,336,378
Issuance of common stock, prefunded warrants and common stock warrants, net of offering costs	—	—	2,083,262	2,083	46,396,478	—	—	46,398,561
Stock-based compensation expense	—	—	—	—	578,581	—	—	578,581
Unrealized loss on marketable securities	—	—	—	—	—	(19,702)	—	(19,702)
Net loss	—	—	—	—	—	—	(2,316,905)	(2,316,905)
Balance at June 30, 2024	—	$ —	8,253,741	$ 8,253	$ 109,260,391	$ (19,702)	$ (59,272,029)	$ 49,976,913

	Six Month Period Ended June 30, 2024							
	Convertible preferred stock		Common Stock		Additional Paid-in Capital	Accumulated other comprehensive loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at January 1, 2024	—	$ —	5,674,520	$ 5,674	$ 61,811,889	$ —	$ (54,440,789)	$ 7,376,774
Issuance of common stock, prefunded warrants and common stock warrants, net of offering cost			2,083,262	2,083	46,396,478	—	—	46,398,561
Stock options granted in lieu of compensation	—	—	—	—	255,724	—	—	255,724
Cashless exercise of prefunded warrants	—	—	495,959	496	(496)	—	—	—
Stock-based compensation expense	—	—	—	—	796,796	—	—	796,796
Unrealized loss on marketable securities			—	—	—	(19,702)	—	(19,702)
Net loss	—	—	—	—	—	—	(4,831,240)	(4,831,240)
Balance at June 30, 2024	—	$ —	8,253,741	$ 8,253	$ 109,260,391	$ (19,702)	$ (59,272,029)	$ 49,976,913

	Three Month Period Ended June 30, 2023 (As Restated)						
	Convertible preferred stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance at March 31, 2023	3,331,201	$ 24,287,211	518,140	$ 518	$ 19,054,579	$ (52,803,252)	$ (33,748,155)
Stock-based compensation expense	—	—	—	—	62,252	—	62,252
Net loss (as restated)	—	—	—	—	—	(1,425,501)	(1,425,501)
Balance at June 30, 2023	3,331,201	$ 24,287,211	518,140	$ 518	$ 19,116,831	$ (54,228,753)	$ (35,111,404)

	Six Month Period Ended June 30, 2023 (As Restated)						
	Convertible preferred stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount			
Balance at January 1, 2023	3,331,201	$ 24,287,211	518,140	$ 518	$ 18,983,339	$ (52,268,916)	$ (33,285,059)
Stock-based compensation expense	—	—	—	—	133,492	—	133,492
Net loss (as restated)	—	—	—	—	—	(1,959,837)	(1,959,837)
Balance at June 30, 2023	3,331,201	$ 24,287,211	518,140	$ 518	$ 19,116,831	$ (54,228,753)	$ (35,111,404)

See accompanying notes to unaudited condensed consolidated interim financial statements

CervoMed Inc.

Condensed Consolidated Statements of Cash Flows
(unaudited)

	Six Months Ended June 30,	
	2024	**2023 (As Restated)**
Cash flows from operating activities:		
Net loss	$ (4,831,240)	$ (1,959,837)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discount on marketable securities, net	(338,208)	—
Stock-based compensation expense	796,796	133,492
Changes in fair value of convertible debt	—	(646,000)
Changes in operating assets and liabilities:		
Prepaid expenses, deposits and other assets	(1,028,399)	(1,590,537)
Deferred offering costs	—	(1,059,768)
Accounts payable	63,383	483,556
Accrued expenses and other liabilities	(604,556)	26,077
Grant receivable	915,404	—
Deferred grant revenue	1,401,501	1,169,222
Net cash used in operating activities	(3,625,319)	(3,443,795)
Cash flows from investing activities:		
Purchase of marketable securities	(40,570,256)	—
Net cash used in investing activities	(40,570,256)	—
Cash flows from financing activities:		
Proceeds from the sale of common stock, prefunded warrants and common stock warrants, net of offering costs	46,411,946	—
Net cash provided by financing activities	46,411,946	—
Net increase (decrease) in cash and cash equivalents	2,216,371	(3,443,795)
Cash and cash equivalents at beginning of period	7,792,846	4,093,579
Cash and cash equivalents at end of period	$ 10,009,217	$ 649,784
Supplemental disclosure of non-cash investing and financing activities:		
Unrealized loss on marketable securities	$ 19,702	$ —
Stock options granted in lieu of cash bonus	$ 255,724	$ —
Deferred offering costs in accounts payable	$ 13,385	$ —
Cashless exercise of prefunded warrants	$ 496	$ —

See accompanying notes to unaudited condensed consolidated interim financial statements

1. The Company and Description of Business

The Company is a corporation organized under the laws of the state of Delaware and headquartered in Boston, Massachusetts. The Company is a clinical-stage biotechnology company developing treatments for age-related neurologic disorders. The Company is currently focused on developing of its lead drug candidate, neflamapimod, an investigational, orally administered, small molecule brain penetrant that inhibits p38α. Neflamapimod has the potential to treat synaptic dysfunction, the reversible aspect of the underlying neurodegenerative processes that cause disease in DLB and certain other major neurological disorders, and is currently being evaluated in the Company's ongoing RewinD-LB Trial, a Phase 2b study in patients with Early-Stage DLB, funded by a $21.0 million grant from the NIA.

2. Liquidity and Capital Resources

The Company has generated negative cash flows from operations and, as of June 30, 2024, had an accumulated deficit of $59.3 million. Based on its current operating plan, the Company believes its existing cash and cash equivalents and marketable securities on hand as of June 30, 2024, along with the remaining funds to be received from the NIA Grant, will enable the Company to fund its operating expenses and capital expenditure requirements for at least twelve months from the issuance of these unaudited condensed consolidated interim financial statements. The Company has based this estimate on assumptions that may prove to be wrong, and it could utilize its available capital resources sooner than it currently expects. The Company will continue to require additional financing to advance its current product candidates through clinical development, to develop, acquire or in-license other potential product candidates and to fund operations for the foreseeable future. The Company intends to continue to seek funds through equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements. However, the Company may be unable to raise additional funds or enter into such other arrangements when needed, on favorable terms, or at all. If the Company does raise additional capital through public or private equity offerings, the ownership interest of its existing stockholders will be diluted, and the terms of such securities may include liquidation or other preferences that adversely affect the Company's stockholders' rights. If the Company raises additional capital through a debt financing, it may be subject to covenants limiting or restricting the Company's ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on the Company's financial condition and on its ability to pursue its business plans and strategies. If the Company is unable to raise sufficient capital when needed, it may need to delay, reduce or terminate planned activities to reduce costs, including development or commercialization activities for neflamapimod. The Company might also be required to seek funds through arrangements with third parties that require it to relinquish certain of its rights to neflamapimod or otherwise agree to terms unfavorable to the Company.

Operations of the Company are subject to certain additional risks and uncertainties as well, and any one or more of these factors could materially affect the Company's financial condition, future operations and liquidity needs. Many of these risks and uncertainties are outside of the Company's control, including internal and external factors that may affect the success or failure of the Company's research and development efforts, the length of time and cost of developing and commercializing the Company's current or future product candidates, whether and when any such product candidates become approved drugs, and how significant a drug's market share will be, if approved, among others.

3. Summary of Significant Accounting Policies

Basis of presentation

The unaudited condensed consolidated interim financial statements have been prepared in conformity with US GAAP as defined by the FASB.

Unaudited condensed consolidated interim financial statements

The accompanying unaudited condensed consolidated interim financial statements have been prepared by the Company in accordance with US GAAP for interim information and pursuant to the rules and regulations of the SEC. Accordingly, certain information and footnote disclosures normally included in audited consolidated financial statements prepared in accordance with US GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and related notes for the year ended December 31, 2023, filed as part of the Company's Annual Report.

These unaudited condensed consolidated interim financial statements have been prepared on the same basis as the audited consolidated financial statements and, in management's opinion, include all adjustments, consisting of only normal recurring adjustments, necessary for the fair presentation of the financial information for the interim periods. However, the results of operations for any interim period are not necessarily indicative of the results to be expected for the full fiscal year.

Consolidation

The unaudited condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of unaudited condensed consolidated interim financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, grant revenue, expenses, and related disclosures. On an ongoing basis, the Company's management evaluates its estimates, including estimates related to money market accounts, clinical trial accruals, stock-based compensation expense, grant revenue, convertible notes, and expenses during the reported period. The Company bases its estimates on historical experience and other market-specific or relevant assumptions that it believes to be reasonable under the circumstances. Actual results may differ significantly from those estimates or assumptions.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash and cash equivalents and marketable securities. The Company maintains deposits in a financial institution in excess of government insured limits. Management believes that the Company is not exposed to significant credit risk as the Company's deposits are held at a financial institution that management believes to be of high credit quality, and the Company has not experienced any losses on these deposits. Management also believes that the Company is not exposed to significant credit risk as it relates to marketable securities because the Company invests in U.S. government securities and commercial paper.

Cash and Cash Equivalents

The Company considers all highly-liquid investments with original maturities of 90 days or less at the date of purchase to be cash and cash equivalents. Cash equivalents, which consist of amounts invested in money market funds and commercial paper, are stated at fair value. There are de minimis unrealized losses on the money market funds and commercial paper for the period ended June 30, 2024.

Marketable Securities

The Company classifies its marketable securities as available-for-sale, which include commercial paper and U.S. government debt securities with original maturities of greater than 90 days from date of purchase. These securities are carried at fair value, with unrealized gains and losses reported on the condensed consolidated statement of operations and comprehensive loss and accumulated other comprehensive loss within stockholders' equity until realized. Purchase discounts are accreted using the effective interest method over the term of the related security and such accretion is included in interest income on the accompanying condensed consolidated statements of operations and comprehensive loss.

The Company evaluates its investments in marketable securities for impairment at each reporting period when the fair value is below amortized cost. If the Company intends to sell the security, or it is more likely than not the Company will be required to sell the security before recovery of amortized cost, the entire impairment is included in earnings. The Company did not record any impairment on marketable securities during the three and six months ended June 30, 2024 and 2023. There was no allowance for credit losses as of June 30, 2024 and December 31, 2023.

Fair Value of Financial Instruments

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines the fair value of its financial instruments based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 – Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3 – Unobservable inputs that are significant to the measurement of the fair value of the assets or liabilities that are supported by little or no market data.

Leases

In February 2016, the FASB issued ASU No. 2016-02, "Leases", which establishes an ROU model. That requires a lessee to recognize an ROU asset and corresponding lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and expense recognition in the statement of operations and comprehensive loss as well as the reduction of the ROU asset. The new standard provides a number of optional practical expedients in transition. The Company has elected to apply (i) the practical expedient, which allows us to not separate lease and non-lease components, for new leases and (ii) the short-term lease exemption for all leases with an original term of less than 12 months, for purposes of applying the recognition and measurements requirements in the new standard.

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on specific facts and circumstances, the existence of an identified asset(s), if any, and the Company's control over the use of the identified asset(s), if applicable. Operating lease liabilities and their corresponding ROU assets are recorded based on the present value of future lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company will utilize the incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

The Company has elected to combine lease and non-lease components as a single component. Operating leases will be recognized on the unaudited interim condensed consolidated balance sheet as ROU assets, lease liabilities, current and lease liabilities, non-current. Fixed rent payments are included in the calculation of the lease balances, while variable costs paid for certain operating and pass-through costs are excluded. Lease expense is recognized over the expected term on a straight-line basis.

Research and Development

Research and development costs are expensed as incurred and consist primarily of new product development. Research and development costs include salaries and benefits, consultants' fees, process development costs and stock-based compensation, as well as fees paid to third parties that conduct certain research and development activities on the Company's behalf.

A substantial portion of the Company's ongoing research and development activities are conducted by third-party service providers. The Company records accrued expenses for estimated preclinical study and clinical trial expenses. Estimates are based on the services performed pursuant to contracts with research institutions, contract research organizations in connection with clinical studies, investigative sites in connection with clinical studies, vendors in connection with preclinical development activities, and CMOs in connection with the production of materials for clinical trials. Further, the Company accrues expenses related to clinical trials based on the level of subject enrollment and activity according to the related agreement. The Company monitors subject enrollment levels and related activity to the extent reasonably possible and makes judgments and estimates in determining the accrued balance in each reporting period. Payments for these activities are based on the terms of the individual arrangements, which may differ from the pattern of costs incurred, and are reflected in the unaudited condensed consolidated financial statements as prepaid or accrued research and development.

If the Company underestimates or overestimates the level of services performed or the costs of these services, actual expenses could differ from estimates. To date, the Company has not experienced significant changes in its estimates of preclinical studies and clinical trial accruals.

Patent Costs

All patent-related costs incurred in connection with filing and prosecuting patent applications are expensed as incurred due to the uncertainty about the recovery of the expenditure. Amounts incurred are classified as general and administrative expenses in the unaudited interim condensed consolidated statement of operations and comprehensive loss.

Stock-based Compensation

Stock-based compensation for employee and non-employee awards is measured on the grant date based on the fair value of the award and recognized on a straight-line basis over the requisite service period. The fair value of stock options to purchase common stock are measured using the Black-Scholes option pricing model. The Company accounts for forfeitures as they occur.

The fair value of stock options is determined by the Company using the methods and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment and estimation by management.

Expected Term—The expected term represents the period that stock-based awards are expected to be outstanding. The Company uses the "simplified method" to estimate the expected term of stock option grants. Under this approach, the weighted-average expected life is presumed to be the average of the contractual term of ten years and the weighted-average vesting term of the Company stock options, taking into consideration multiple vesting tranches. The Company utilizes this method due to lack of historical data and the plain-vanilla nature of the Company's stock-based awards.—The expected term represents the period that stock-based awards are expected to be outstanding. The Company uses the "simplified method" to estimate the expected term of stock option grants. Under this approach, the weighted-average expected life is presumed to be the average of the contractual term of ten years and the weighted-average vesting term of the Company stock options, taking into consideration multiple vesting tranches. The Company utilizes this method due to lack of historical data and the plain-vanilla nature of the Company's stock-based awards.

Expected Volatility—The Company has limited information on the volatility of its common stock as the shares were not actively traded on any public markets until recently. The expected volatility is derived from the historical stock volatility of comparable peer public companies within its industry. These companies are considered to be comparable to the Company's business over a period equivalent to the expected term of the stock-based awards.

Risk-Free Interest Rate—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term.—The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the date of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term.

Expected Dividend Rate—The expected dividend is zero as the Company has not paid, nor does it anticipate paying, any dividends on its stock options in the foreseeable future.

Revenue Recognition

The Company generates revenue from government contracts that reimburse the Company for certain allowable costs for funded projects.

The Company recognizes funding received from the NIA Grant as grant revenue, rather than as a reduction of research and development expenses, because the Company is the principal in conducting the research and development activities and these contracts are central to its ongoing operations. Revenue is recognized as the qualifying expenses related to the contracts are incurred. Revenue recognized upon incurring qualifying expenses in advance of receipt of funding is recorded in the Company's unaudited interim condensed consolidated balance sheets as accounts receivable. Amounts received in advance of services rendered are recorded as deferred grant revenue on the Company's unaudited interim condensed consolidated balance sheet. The related costs incurred by the Company are included in research and development expense in the Company's unaudited interim condensed consolidated statements of operations and comprehensive loss.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the unaudited condensed consolidated interim financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax basis of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to recover or settle. The effect of a change in tax rates on deferred tax assets and liabilities is recognized on the statement of operations and comprehensive loss for the period that includes the enactment date.

The deferred tax assets are recognized to the extent the Company believes that these assets are more likely than not to be realized. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. Due to the Company's historical operating performance and the recorded cumulative net losses in prior fiscal periods, the net deferred tax assets have been fully offset by a valuation allowance.

The Company records uncertain tax positions using a two-step process. First, the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position. Second, for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50% likely to be realized upon ultimate settlement with the related tax authority.

The Company recognizes interest and penalties, if any, related to unrecognized tax benefits on the interest expense line and other expense line, respectively, in the accompanying unaudited interim condensed consolidated statements of operations and comprehensive loss. Accrued interest and penalties are included on the related liability lines in the unaudited interim condensed consolidated balance sheet.

Net Loss Per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during each period (and potential shares of common stock that are exercisable for little or no consideration). The Pre-Funded Warrants to purchase common stock issued in connection with the 2024 Private Placement are included in the calculation of basic and diluted net loss per share as the exercise price of $0.001 per share is non-substantive and is virtually assured. Diluted loss per share includes the effect, if any, from the potential exercise or conversion of securities such as common stock warrants and stock options which would result in the issuance of incremental shares of common stock. For diluted net loss per share, the weighted-average number of shares of common stock is the same for basic net loss per share due to the fact that, when a net loss exists, dilutive securities 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:

	June 30,	
	2024	**2023**
Convertible preferred stock	—	3,331,201
Common stock warrants	2,633,868	43,621
Stock options	533,304	114,525
	3,167,172	3,489,347

Segments

The Company has one operating segment. The Company’s chief operating decision maker, its Chief Executive Officer, manages the Company’s operations on a condensed consolidated basis for purposes of allocating resources.

Recently Issued But Not Yet Adopted Accounting Pronouncements

In January 2021, the FASB issued ASU No. 2021-01 “Reference Rate Reform (Topic 848): Scope” (“ASU 2021-01”), which was effective immediately and permits entities to elect certain optional expedients and exceptions when accounting for derivatives and certain hedging relationships affected by changes in interest rates and the transition. Additionally, ASU 2022-06 “Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848” defers the sunset date of ASC 848 from December 31, 2022 to December 31, 2024. The new guidance is effective for fiscal years beginning after December 31, 2024. The Company does not currently believe that this transition from LIBOR will have a material impact on its consolidated financial statements.

In November 2023, the FASB issued ASU No. 2023-07 "Segment Reporting - Improvements to Reportable Segment Disclosures" (“ASU 2023-07”), which updates reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. The guidance is effective for all public companies for fiscal years beginning after December 15, 2023, and interim periods within fiscal periods beginning after December 15, 2024, and requires retrospective application to all prior periods presented in the financial statements. The Company expects the new guidance will have an immaterial impact on its consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): "Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 is intended to improve income tax disclosure requirements by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) the disaggregation of income taxes paid by jurisdiction. The guidance makes several other changes to the income tax disclosure requirements as well. The guidance in ASU 2023-09 will be effective for annual reporting periods in fiscal years beginning after December 15, 2024. The Company is currently evaluating the impact that the adoption of ASU 2023-09 will have on its consolidated financial statements and disclosures.

4. Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash, cash equivalents, marketable securities, accounts payable, previously outstanding convertible notes and accrued liabilities. The Company's cash, cash equivalents, accounts payable and accrued liabilities approximate fair value due to their relatively short maturities. The Company determined the fair value of its previously outstanding convertible notes as described in Note 8.

The following table presents the Company's assets that are measured at fair value on a recurring basis:

	June 30, 2024		
	(Level 1)	(Level 2)	(Level 3)
Assets			
Cash equivalents:			
Money market accounts	$ 4,376,257	$ —	$ —
Commercial paper	2,499,630	—	—
Marketable securities:			
Commercial paper	—	25,808,377	$ —
U.S. treasury bonds	—	9,287,385	—
U.S. government agency bonds	—	5,793,000	—
Total assets measured at fair value	$ 6,875,887	$ 40,888,762	$ —

	December 31, 2023		
Assets			
Cash equivalents (money market accounts)	$ 7,792,846	$ —	$ —
Total assets measured at fair value	$ 7,792,846	$ —	$ —

The fair values of the Company's Level 2 marketable securities are estimated primarily based on benchmark yields, reported trades, market-based quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications, which represent a market approach. In general, a market approach is utilized if there is readily available and relevant market activity for an individual security. This valuation technique may change from period to period, based on the relevance and availability of market data.

The following is a summary of the Company's marketable securities which provides a reconciliation of amortized cost basis to fair value including cumulative unrealized gains and losses as of June 30, 2024:

	Amortized Cost	Unrealized gains	Unrealized losses	Fair Value
Commercial paper	$ 25,828,920	$ —	$ (20,543)	$ 25,808,377
U.S. treasury bonds	9,286,150	2,489	(1,254)	9,287,385
U.S. government agency bonds	5,793,394	817	(1,211)	5,793,000
Total	$ 40,908,464	$ 3,306	$ (23,008)	$ 40,888,762

The following table presents a roll-forward of the fair value of the Convertible Notes (Note 8) for which fair value is determined by Level 3 inputs:

	Six Months Ended June 30, 2023
Balance as of January 1, 2023	$ 12,414,000
Fair value adjustment	(858,000)
Balance as of March 31, 2023	11,556,000
Fair value adjustment	212,000
Balance as of June 30, 2023	$ 11,768,000

These Convertible Notes are no longer outstanding as of June 30, 2024.

Valuation techniques used to measure fair value maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The Convertible Notes are classified within Level 3 of the fair value hierarchy because the fair value measurement is based, in part, on significant inputs not observed in the market.

There were no transfers among Level 1, Level 2 or Level 3 categories in the three and six months ended June 30, 2024 or June 30, 2023.

The fair value of the 2020 Notes and the 2021 Notes, and collectively the Convertible Notes (Note 8) as of June 30, 2023 were estimated as the combination of a zero-coupon bond and a call option. The combined values for each of the 2020 Notes and the 2021 Notes as of June 30, 2023 and December 31, 2022 were then weighted by the probability of completing a financing or reverse merger. This approach resulted in the classification of the 2020 Notes and the 2021 Notes as of June 30, 2023 as Level 3 of the fair value hierarchy. The assumptions utilized to value the 2020 Notes and the 2021 Notes as of June 30, 2023 were an estimated term of 0.13 years, volatility of 69.0% and a market yield of 54.0% and 5.4% for completing a financing or reverse merger, respectively. The measurement of fair value incorporates expected future cash flows associated with interest payments; as such, there was no separate accrual for interest accrued but not yet paid.

5. Significant Agreements and Contracts

Vertex Option and License Agreement

In August 2012, the Company entered the Vertex Agreement, as amended, to acquire an exclusive license to develop and commercialize a drug candidate, "VX-745," from Vertex. In August 2014, the Company exercised its option to acquire the license and paid an option fee of $100,000, which was expensed as incurred as a component of research and development expense.

The Vertex Agreement granted the Company the exclusive worldwide use of VX-745 in the field of diagnosis, treatment and prevention of Alzheimer's disease and related central nervous system disorders in humans.

As part of the Vertex Agreement, the Company is obligated to make certain payments totaling up to approximately $117.0 million upon achievement of certain regulatory and sales milestones, and royalties on net sales of products on indications covered by the Vertex Agreement. The first expected milestone events concern filing of an NDA with the FDA for marketing approval of neflamapimod (i.e., VX-745) in the U.S., or a similar filing for a non-U.S. major market, as specified in the Vertex Agreement, and such royalties will be on a sliding scale of percentages of net sales in the low- to mid-teens, depending on the amount of net sales in the applicable years. The Company is also obligated to make a milestone payment to Vertex upon net sales reaching a certain specified amount in any 12-month period. The Vertex Agreement states that royalties will be reduced by 50% during any portion of the royalty term when there is no valid claim of an issued patent within specified patent rights covering the licensed product. The Company also has the right to deduct, on a country by country basis, from royalties otherwise payable to Vertex under the terms of the Vertex Agreement, 50% of all royalties, upfront fees, milestones and other payments paid by the Company or any of the Company's affiliates or sublicensees to third parties under licenses that are necessary for the development, manufacture, sale or use of a licensed product, provided that in no event will the royalty payable to Vertex be reduced to less than 50% of the rates specified in the Vertex Agreement, subject to certain adjustments specified therein. The Company has made a total of $100,000 in payments to Vertex related to the Vertex Agreement. No payments were made during the three and six months ended June 30, 2024 and 2023.

National Institute of Aging Grant

In January 2023, the Company was awarded a $21.0 million grant from the NIA to support its RewinD-LB Trial, a Phase 2b study of neflamapimod in patients with Early-Stage DLB. The grant monies are expected to be received over a period of three years including $6.7 million in 2023, $8.1 million in 2024 and $6.2 million in 2025.

The total revenue recognized from the NIA Grant was $5.6 million and $3.1 million for the six months ended June 30, 2024 and 2023, respectively. The total revenue recognized from the NIA Grant was $3.3 million and $1.7 million for the three months ended June 30, 2024 and 2023, respectively. As of June 30, 2024, aggregate total cash funding of $14.2 million has been received from the NIA Grant, resulting in approximately $6.8 million in funding remaining.

The Company received access to the current year 2 (i.e., the year ending December 31, 2024) funding in the amount of $7.3 million in February 2024. This amount was 90% of the full year 2 amount provided for in the NIA Grant due to then-current NIA policy as a result of the U.S. government being funded at such time on the basis of a continuing resolution. Consolidated appropriations acts were signed into law in March 2024, and the Company received access to the remaining 10% of the year 2 amount in June 2024.

6. Prepaid Expenses

Prepaid expenses consisted of the following:

	June 30, 2024	December 31, 2023
Clinical expenses	$ 1,906,093	$ 711,362
Insurance	95,956	436,859
Professional services	54,125	37,917
Dues and memberships	54,740	—
Other	125,522	70,363
Total	$ 2,236,436	$ 1,256,501

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2024	December 31, 2023
Employee compensation costs	$ 482,162	$ 1,026,054
Clinical development costs	209,043	389,045
Professional fees	257,902	309,062
State franchise and excise tax	20,456	120,456
Other	116,818	88,659
Total	$ 1,086,381	$ 1,933,276

8. Convertible Notes

In December 2020, EIP issued the 2020 Notes to predominantly related party investors for proceeds of $5.1 million. In December 2021, EIP issued the 2021 Notes to predominantly related party investors for proceeds of $6.0 million. Upon completion of the Merger in August 2023, all Convertible Notes outstanding were converted into common stock and, in certain cases, pre-funded warrants. As of June 30, 2024 and December 31, 2023, the Convertible Notes were no longer outstanding. Upon issuance, the Company elected the fair value option for the Convertible Notes in accordance with ASC 825, “Financial Instruments,” pursuant to which the entire instrument, including interest expense, is measured at fair value with the initial change in fair value deemed to be a capital contribution and any subsequent changes in fair value being recorded to other income (expense) on the unaudited condensed consolidated statements of operations and comprehensive loss. During the three and six months ended June 30, 2024 there were no fair value adjustments recognized as the Convertible Notes were no longer outstanding. The fair value adjustment recognized in other income (expense) was $(0.2) million and $0.6 million for the three and six months ended June 30, 2023, respectively.

9. Commitments and Contingencies

Operating Leases

The Company has a short-term lease for office space in Boston, Massachusetts and previously had a short-term agreement to utilize membership-based co-working space in Charlottesville, Virginia, the latter of which was terminated during the three months ended March 31, 2024. Lease expense was approximately $17,892 and $15,150 for the six months ended June 30, 2024 and 2023, respectively. For the three months ended June 30, 2024 and 2023, lease expense was approximately $8,400 and $7,484, respectively.

Research and Development Arrangements

In the course of normal business operations, the Company enters into agreements with universities and CROs to assist in the performance of research and development activities and with contract manufacturers to assist with chemistry, manufacturing, and controls related activities. Expenditures to CROs and other contract manufacturers represent a significant cost in clinical development for the Company. The Company could also enter into additional collaborative research, contract research, manufacturing, and supplier agreements in the future, which may require upfront payments and long-term commitments of cash.

Defined Contribution Retirement Plan

The Company has established its 401(k) Plan, which covers all employees who qualify under the terms of the plan. Eligible employees may elect to contribute to the 401(k) Plan up to 90% of their compensation, limited by the IRS-imposed maximum. The Company provides a safe harbor match with a maximum amount of 4% of the participant's compensation. The Company made matching contributions under the 401(k) Plan of de minimis amounts for the three and six months ended June 30, 2024 and 2023.

Legal Proceedings

On August 7, 2014, a complaint was filed in the Superior Court of Los Angeles County, California by Paul Feller, the former Chief Executive Officer of the Company's legal predecessor, under the caption Paul Feller v. RestorGenex Corporation, Pro Sports & Entertainment, Inc., ProElite, Inc. and Stratus Media Group, GmbH (Case No. BC553996). The complaint asserts various causes of action, including, among other things, promissory fraud, negligent misrepresentation, breach of contract, breach of employment agreement, breach of the covenant of good faith and fair dealing, violations of the California Labor Code and common counts. The plaintiff is seeking, among other things, compensatory damages in an undetermined amount, punitive damages, accrued interest and an award of attorneys' fees and costs. On December 30, 2014, the Company filed a petition to compel arbitration and a motion to stay the action. On April 1, 2015, the plaintiff filed a petition in opposition to the Company's petition to compel arbitration and a motion to stay the action. After a related hearing on April 14, 2015, the court granted the Company's petition to compel arbitration and a motion to stay the action. On January 8, 2016, the plaintiff filed an arbitration demand with the American Arbitration Association. On November 19, 2018 at an Order to Show Cause Re Dismissal Hearing, the court found sufficient grounds not to dismiss the case and an arbitration hearing was scheduled, originally for November 2020 but later postponed due to the COVID-19 pandemic and related restrictions on gatherings in the State of California. In addition, following the November 2018 hearing, an automatic stay was placed on the arbitration in connection with the plaintiff filing for personal bankruptcy protection. On October 22, 2021, following a determination by the bankruptcy trustee not to pursue the claims and release them back to the plaintiff, the parties entered into a stipulation to abandon arbitration and return the matter to state court. A case management conference was held on February 23, 2022 at which an initial trial date of May 24, 2023 was set, and the parties have agreed to stipulate to mediation in advance of the trial. On October 20, 2022, the parties filed a joint stipulation to continue the trial and certain deadlines related to the mediation in order to allow plaintiff's counsel to continue to seek treatment for an ongoing medical issue. On November 1, 2022, based on the parties joint stipulation, the court entered an order continuing the trial date to October 25, 2023, on October 6, 2023, the court entered an order further continuing the trial date to April 24, 2024, and on March 3, 2024, based on an additional joint stipulation of the parties, the court entered an order continuing the trial date to October 23, 2024.

The Company believes that is has meritorious defenses to the claims alleged in this matter and is defending itself vigorously. However, at this stage, the Company is unable to predict the outcome and possible loss or range of loss, if any, associated with its resolution or any potential effect the matter may have on the Company's financial position. Depending on the outcome or resolution of this matter, it could have a material effect on the Company's financial position, results of operations and cash flows.

10. Stockholders' Equity and Common Stock Warrants

April 2024 Private Placement

On April 1, 2024, pursuant to and in accordance with the terms of a securities purchase agreement with certain purchasers named therein, we completed the private placement of an aggregate of 2,083,262 common shares, 2,532,285 Series A Warrants and 449,023 Pre-Funded Warrants. The aggregate upfront gross proceeds from the 2024 Private Placement were approximately $50.0 million, before deducting approximately $3.6 million of offering fees and expenses.

The Pre-Funded Warrants and Series A Warrants were classified as a component of stockholders' equity within additional paid-in capital. The Pre-Funded Warrants and Series A Warrants are equity classified because they (i) are freestanding financial instruments that are legally detachable and separately exercisable from the equity instruments, (ii) are immediately exercisable, (iii) do not embody an obligation for the Company to repurchase its shares, (iv) permit the holders to receive a fixed number of shares of common stock upon exercise, (v) are indexed to the Company's common stock and (vi) meet the equity classification criteria.

Warrants

As of June 30, 2024, the Company had the following warrants outstanding to acquire shares of its common stock:

	Outstanding	Range of exercise price per share	Expiration dates
Historical Diffusion common stock warrants	57,965	$26.27 - $375.14	November 2024 through February 2026
Historical EIP common stock warrants	43,618	$19.81	April 2028
Series A common stock warrants	2,532,285	$39.24	The earlier of (i) April 1, 2027 and (ii) the date that is 180 days after the date the Exercise Conditions (as defined in the Series A Warrants) have been met
Pre-funded warrants issued in April 2024 Private Placement	449,023	$0.001	None
	3,082,891		

February 2024 Pre-Funded Warrant Exercise

On February 26, 2024, following the effectiveness of an amendment eliminating certain beneficial ownership limitations set forth therein, 499,995 previously outstanding pre-funded warrants to purchase common stock issued in connection with the closing of the Merger were exercised in full by the holder thereof pursuant to the cashless exercise provision of the pre-funded warrants. Upon exercise, 36 shares were withheld in lieu of a cash payment of the exercise price and the holder was issued 495,959 shares of common stock.

"At-The-Market" Sales Agreement

The Company is party to the 2022 Sales Agreement with BTIG. The 2022 Sales Agreement is an "at-the-market" sales agreement pursuant to which the Company may, from time to time and through BTIG as the Company's agent, sell up to an aggregate of $20.0 million in shares of common stock by any permissible method deemed an "at-the-market offering" as defined in Rule 415(a)(4) under the Securities Act. As of the date of this Quarterly Report, however, the Company has not sold any shares pursuant to the 2022 Sales Agreement.

11. Stock-Based Compensation Stock

2015 Equity Plan

The 2015 Equity Plan provides for increases to the number of shares reserved for issuance thereunder each January 1 equal to 4.0% of the total shares of the Company's common stock outstanding as of the immediately preceding December 31, unless a lesser amount is stipulated by the Compensation Committee of the Company's Board. As of June 30, 2024, there were 23,631 shares available for future issuance under the 2015 Equity Plan.

2018 Employee, Director and Consultant Equity Incentive Plan

On March 28, 2018, EIP adopted the 2018 Plan, which was assumed by the Company pursuant to and in accordance with the terms of the Merger Agreement. Under the 2018 Plan, the Company may issue incentive stock options, non-qualified stock options, stock grants, and other stock-based awards to employees, directors, and consultants, as specified in the 2018 Plan and subject to applicable SEC and Nasdaq rules and regulations. The Board has the authority to determine to whom options or stock will be granted, the number of shares, the term, and the exercise price. Options granted under the 2018 Plan have a term of up to ten years and generally vest over a four-year period with 25% of the options vesting after one-year of service and the remainder vesting monthly thereafter. As of June 30, 2024, there were no shares available for issuance.

The Company recorded stock-based compensation expense in the following expense categories of its consolidated statements of operations and comprehensive loss:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Research and development	$ 40,337	$ 31,022	$ 104,134	$ 71,148
General and administrative	538,244	31,230	692,662	62,344
Total stock-based compensation expense	$ 578,581	$ 62,252	$ 796,796	$ 133,492

The following table summarizes the activity related to all stock option grants for the six months ended June 30, 2024:

	Number of Options	Weighted average exercise price per share	Weighted average remaining contractual life (in years)	Aggregate intrinsic value
Balance at January 1, 2024	349,374	$ 51.15		
Granted	207,284	11.23		
Cancelled/Expired	(23,354)	114.18		
Outstanding at June 30, 2024	533,304	$ 32.87	8.4	—
Exercisable at June 30, 2024	228,508	$ 64.13	6.7	—

The Black-Scholes option pricing model was used to estimate the grant date fair value of each stock option grant at the time of grant using the following weighted-average assumptions:

	Six Months Ended June 30, 2024
Expected term (in years)	5.25 - 5.76
Risk-free interest rate	4.06 - 4.46%
Expected volatility	76.87 - 80.03%
Dividend yield	—

There were no stock option grants during the six months ended June 30, 2023.

At June 30, 2024, there was $1.7 million of unrecognized compensation expense that will be recognized over a weighted-average period of 1.9 years.

During the six months ended June 30, 2024 the Company granted 39,721 options in lieu of 2023 executive bonus compensation.

Effective May 31, 2024, the employment of the Company's former Chief Financial Officer was terminated. Based on the terms of his severance agreement, unvested shares under previously granted option awards will to continue to vest on the schedule provided for in the applicable option award agreement through September 31, 2025. The Company accounted for the change in vesting terms as an improbable-to-probable modification of his stock options and recognized $0.3 million of expense in relation to this modification. In addition, the exercise period for any shares under previously granted option awards vested as of May 31, 2024 was extended to September 30, 2025. The Company accounted for the change in exercise terms as a probable-to-probable modification of his stock options and recognized $12,000 of expense in relation to this modification.

Note 12. Restatement of Previously Issued (Unaudited) Interim Financial Statements

While undergoing a review of its unaudited condensed consolidated interim financial statements, the Company determined it had incorrectly expensed costs directly associated with the Merger during various periods in 2023. Fees such as accounting and legal related to the Merger should have been capitalized and net against proceeds of the Merger. This impacted previously reported amounts for deferred offering costs and general and administrative expense, among other line items in the unaudited condensed consolidated interim financial statements as of and for the three and six months ended June 30, 2023.

The following tables set forth the effects of the error corrections on affected items within the Company’s previously reported unaudited interim condensed consolidated balance sheet as of the periods indicated had the adjustments been made in the corresponding quarter:

	June 30, 2023		
	As reported	Adjusted	As restated
Deferred offering costs	$ -	$ 1,059,768	$ 1,059,768
Accumulated deficit	$ (55,288,521)	$ 1,059,768	$ (54,228,753)
Total assets	$ 2,304,448	$ 1,059,768	$ 3,364,216
Total liabilities	$ 14,188,409	$ —	$ 14,188,409
Total convertible preferred stock	$ 24,287,211	$ —	$ 24,287,211
Total stockholders’ equity (deficit)	$ (36,171,172)	$ 1,059,768	$ (35,111,404)

The following tables set forth the effects of the error corrections on affected items within the Company's previously reported unaudited interim condensed consolidated statements of operations and comprehensive loss for the periods indicated had the adjustments been made in the corresponding quarters:

	Six Months Ended June 30, 2023		
	As reported	**Adjusted**	**As restated**
General and administrative expense	$ 3,053,234	$ (1,059,768)	$ 1,993,466
Total operating expenses	$ 6,844,896	$ (1,059,768)	$ 5,785,128
Loss from operations	$ (3,717,084)	$ 1,059,768	$ (2,657,316)
Net loss	$ (3,019,605)	$ 1,059,768	$ (1,959,837)
Net loss per share of common stock, basic and diluted	$ (5.83)	$ 2.05	$ (3.78)

	Three Months Ended June 30, 2023		
	As reported	**Adjusted**	**As restated**
General and administrative expense	$ 1,414,303	$ (421,750)	$ 992,553
Total operating expenses	$ 3,372,691	$ (421,750)	$ 2,950,941
Loss from operations	$ (1,652,747)	$ 421,750	$ (1,230,997)
Net loss	$ (1,847,251)	$ 421,750	$ (1,425,501)
Net loss per share of common stock, basic and diluted	$ (3.57)	$ 0.82	$ (2.75)

13. Subsequent Events

The Company has evaluated subsequent events through the filing of this Quarterly Report and determined that there have been no events that have occurred that would require adjustments to our disclosures in the condensed consolidated interim financial statements.

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

This discussion and analysis contains information related to historical and prospective events intended to enable you to assess our financial condition and results of operations. The information contained in this discussion and analysis should be read in conjunction with our unaudited condensed consolidated interim financial statements and the related notes contained elsewhere in this Quarterly Report, as well as the risks and uncertainties discussed under the headings, "Part II — Item 1A — Risk Factors" and "Note Regarding Forward-Looking Statements."

Introduction to CervoMed

We are a clinical-stage company developing treatments for age-related neurologic disorders. We are currently focused on developing our lead drug candidate, neflamapimod, an investigational, orally administered, small molecule brain penetrant that inhibits p38α. Neflamapimod has the potential to treat and improve synaptic dysfunction, the reversible aspect of the underlying neurodegenerative processes that cause disease in DLB and certain other major neurological disorders, and is currently being evaluated in our ongoing RewinD-LB Trial, a Phase 2b study in patients with Early-Stage DLB, funded by a $21.0 million grant from the NIA.

Recent Program Developments and Business Highlights

- *Completed Enrollment in RewinD-LB Trial; Topline Data Expected in December 2024 —* In June 2024, we completed enrollment in our RewinD-LB Trial, a Phase 2b study in patients with Early-Stage DLB, funded by a $21.0 million grant from the NIA. We expect to report topline data from the study in December 2024 which, if positive, we believe will bring us one step closer to potentially delivering the first DLB-specific FDA-approved therapy.

- *Completed 2024 Private Placement, Extending Cash Runway*. In April 2024, we completed the 2024 Private Placement. We received aggregate upfront gross proceeds of approximately $50.0 million, before deducting offering fees and expenses, and may receive additional gross proceeds of up to approximately $99.4 million if the Series A Warrants are exercised in full for cash.

Overview of Our Business, Our Approach and Our Lead Drug Candidate

Our novel approach focuses on reducing the impact of inflammation in the brain, or neuroinflammation, which we believe is a key factor in the manifestation of degenerative diseases of the brain, including DLB. Chronic activation of the enzyme p38α in the neurons (also known as nerve cells) within the brains of people with neurodegenerative diseases is believed to impair how neurons communicate through synapses (i.e., the connections between neurons). This impairment, termed synaptic dysfunction, leads to deterioration of cognitive and motor abilities. Left untreated, synaptic dysfunction can result in neuronal loss that leads to devastating disabilities, significant reliance on a caretaker, long term care living, and, ultimately, death. However, before neuronal loss commences, disease progression in major neurodegenerative disorders, including DLB, initially involves a protracted period of functional loss, particularly with respect to the synapses. We believe that inhibiting p38α activity in the brain, by interfering with key pathogenic drivers of disease, has the potential to reverse the clinical progression observed in early-stage neurodegenerative diseases, and that it is possible to slow further progression by delaying permanent synaptic dysfunction and neuron death.

We believe we are a leader in the industry in developing a treatment for DLB, as we are the only company of which we are aware with an asset that has shown statistically significant improvements compared to placebo in a Phase 2a clinical trial (our AscenD-LB Trial) and has initiated a Phase 2b clinical evaluation (our ongoing RewinD-LB Trial), from which we expect topline results in December 2024. The clinical symptoms in DLB are most directly linked to synaptic dysfunction in cholinergic neurons (i.e., neurons producing the neurotransmitter acetylcholine) in a part of the brain named the basal forebrain. Based on available preclinical and clinical data, we believe if neflamapimod is given in the early stages of certain degenerative diseases of the brain, it may reverse synaptic dysfunction and improve neuron health and function. In preclinical studies, neflamapimod has been shown to reverse the neurodegenerative process in the BFC system and correct the behavioral deficits that result from synaptic dysfunction in the BFC system. Following earlier clinical studies demonstrating blood-brain-barrier penetration, target engagement, and identification of dose-response, we obtained positive Phase 2a clinical data in patients with DLB in our AscenD-LB Trial. Specifically, statistically significant improvement was observed in patients treated with neflamapimod compared to patients treated with placebo on measures of dementia severity (as measured by CDR-SB) and functional mobility (i.e., walking ability, as measured by the TUG test) in the primary (intention-to-treat) analysis, which includes all patients randomized into the study that had at least one measurement of the endpoint analyzed. In addition, in a secondary analysis evaluating the higher of two doses in the study (40 mg TID), neflamapimod demonstrated statistically significant improvement compared to placebo in a battery of cognitive tests, particularly with respect to tests that measured attention. These preclinical results and the primary results of the AscenD-LB Trial were published in the journal Nature Communications in September 2022.

In October 2023, the major clinical neurology journal, Neurology, published additional analyses of the AscenD-LB Trial data that further strengthened these conclusions regarding neflamapimod's potential and identified the DLB patient population most responsive to neflamapimod treatment. In these analyses, the study results were stratified by pre-treatment levels of plasma ptau181, which recent scientific literature has identified as a blood-based biomarker to differentiate advanced DLB patients – in whom there is significant, irreversible neuronal loss in the hippocampus and associated AD co-pathology – from Early-Stage DLB patients — in whom the disease is limited to synaptic dysfunction in the basal forebrain, a reversible component of the disease, and there is no associated AD co-pathology. It is estimated that Early-Stage DLB patients comprise approximately 50% of the total diagnosed DLB patient population at any given time and that the remaining 50% is comprised of patients with advanced DLB, which is sometimes referred to in the scientific literature as "DLB-AD" or a form of "mixed dementia." In patients with a plasma ptau181 level of less than 2.2 pg/mL, the treatment response to neflamapimod in the AscenD-LB Trial was substantially greater than the overall patient population, with a Cohen's *d* effect size ≥ 0.7 and statistically significant vs. placebo on the CDR-SB, TUG, cognitive tests of attention and working memory. In a February 2024 publication in the Journal of Prevention of Alzheimer's Disease, results from our prior clinical trials of neflamapimod in AD and DLB were integrated to show not only the demonstrated effects of neflamapimod on cognition and function, but on other biomarkers such as EEG and basal forebrain volume and functional connectivity by MRI.

Our ongoing RewinD-LB Trial is a double-blind, placebo-controlled, 16-week Phase 2b study that enrolled 159 patients with Early-Stage DLB, and is funded by a $21.0 million grant from the NIA. The trial is intended to confirm the efficacy findings from the AscenD-LB Trial and definitively demonstrate proof-of-concept. We have utilized our subsequent analyses of the AscenD-LB Trial data and the other information described above to optimize the RewinD-LB Trial's design and bolster the trial's statistical power. Critically, the RewinD-LB Trial excluded patients with advanced DLB as evaluated by plasma ptau181 levels (i.e., the study only enrolled patients with Early-Stage DLB). To enrich for such patients during screening, the global Clinical Dementia Rating score at entry was limited to 0.5 or 1.0; based on the enrollment data in our AscenD-LB and RewinD-LB Trials, among these patients with mild or very mild dementia, we estimate that the percentage of patients with Early-Stage DLB is substantially higher (approximately 66% among patients screened in RewinD-LB) as compared to the overall DLB population as a whole (approximately 50%). Together with additional modifications to the AscenD-LB Trial design related to dosing regimen (40 mg TID) and primary endpoint (CDR-SB), sample size calculations indicate that the RewinD-LB Phase Trial has greater than 95% statistical power (approaching 100%) to meet its primary objective of demonstrating improvement relative to placebo on change in CDR-SB, a global measure of dementia severity, over the course of the study.

We completed enrollment in the RewinD-LB Trial in June 2024, anticipate the last patient, last visit for the 16-week placebo-controlled phase of the study to occur in October 2024, and expect to report topline results from the placebo-controlled phase of the study in December 2024. The results of the RewinD-LB Trial are intended to provide the data necessary to finalize our design of a Phase 3 clinical trial, the general framework of which, including a 24-week treatment duration, is based on prior discussions with and feedback from the FDA.

In August 2024, we initiated a Phase 2a study in Strasbourg, France, which will evaluate neflamapimod in up to 20 DLB patients with mild cognitive impairment (MoCA score >= 18 during screening). The primary objective of the study will be to obtain additional pharmacokinetic data on a dosing regimen not previously used in any of our clinical trials (80 mg BID) that may provide additional dosing flexibility for certain patient populations or indications we may target in the future. On an exploratory basis, we will also collect data on basal forebrain atrophy, as measured by MRI, and a broad range of clinical endpoints.

In addition to neflamapimod's potential to treat DLB, we believe the benefit of targeting neuroinflammation-induced synaptic dysfunction in the BFC system can be applied to other neurologic indications in which treatment of BFC dysfunction and degeneration would be expected to be clinically beneficial, including as treatment promoting recovery in the three months after ischemic stroke, as a disease-modifying treatment for early-stage Alzheimer's disease, and as a treatment for certain forms of frontotemporal dementia.

Financial Summary

As of June 30, 2024, we had cash and cash equivalents and marketable securities of approximately $50.9 million. To date, we have not had any products approved for sale and have not generated any revenue from product sales, and our ability to do so in the future will depend on the successful development and eventual commercialization of neflamapimod (or another product candidate that we could acquire or develop in the future). We do not expect to generate revenue from product sales until such time, if ever.

Our accumulated deficit as of June 30, 2024 was $59.3 million. We have never been profitable, and we will continue to require additional capital to develop neflamapimod and fund operations for the foreseeable future. We have historically incurred net losses in each year since inception. Our net loss was $4.8 million and $2.0 million in the six months ended June 30, 2024 and 2023, respectively. Our net loss was $2.3 million and $1.4 million in the three months ended June 30, 2024 and 2023, respectively. We expect our expenses will increase in connection with our ongoing activities, as we:

- advance neflamapimod through clinical trials, including a potential Phase 3 trial in DLB;
- manufacture supplies for our nonclinical studies and clinical trials;
- obtain, maintain, expand, and protect our intellectual property portfolio;
- hire additional personnel to support our operations and growth; and
- continue to operate as a public company.

Based on our current operating plan, we believe our existing cash and cash equivalents and marketable securities on hand as of June 30, 2024, along with the remaining funds to be received from the NIA Grant, will enable us to fund our operating expenses and capital expenditure requirements for at least twelve months from the issuance of the unaudited condensed consolidated interim financial statements included in this Quarterly Report.

Financial Operations Overview

Revenue

To date, we have not generated any revenue from product sales and we do not expect to do so in the near future. In January 2023, we were awarded our $21.0 million NIA Grant. Funding from the NIA Grant is recognized as grant revenue as the qualifying expenses related thereto are incurred. For the six months ended June 30, 2024 and 2023, $5.6 million and $3.1 million of grant funding was recognized, respectively. For the three months ended June 30, 2024 and 2023, $3.3 million and $1.7 million of grant funding was recognized, respectively.

Research and Development Expenses

Research and development expenses account for a significant portion of our operating expenses and primarily consist of costs incurred for the discovery and development of our product candidates, including:

- expenses incurred under agreements with CROs, preclinical testing organizations, consultants, and other third-party vendors, collaborators and service providers;
- costs related to production of clinical materials, including fees paid to CMOs;
- vendor expenses related to the execution of preclinical studies and clinical trials;
- personnel-related expenses, including salaries, benefits, and stock-based compensation for personnel engaged in research and development functions;
- costs related to the preparation of regulatory submissions;
- third-party license fees; and
- expenses for rent and other supplies.

We recognize research and development expenses as incurred. Costs for certain development activities are recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors, collaborators, and third-party service providers. Non-refundable advance payments made by us for future research and development activities are capitalized and expensed as the related goods are delivered and as services are performed.

Specific program expenses include expenses associated with the development of our lead product candidate, neflamapimod, including our ongoing Phase 2b RewinD-LB Trial in patients with Early-Stage DLB. Personnel and other operating expenses incurred for our research and development programs primarily relate to salaries and benefits, stock-based compensation, and facility expenses.

At this time, we cannot reasonably estimate or know the nature, timing, and estimated costs of the efforts that will be necessary to complete the development of, and obtain regulatory approval for, neflamapimod, or for any other product candidates that we may develop or acquire. We expect our research and development expenses to increase substantially for the foreseeable future as we continue to invest in R&D activities related to developing neflamapimod such as conducting larger clinical trials, seeking regulatory approval and incurring expenses associated with hiring personnel to support these and other R&D efforts. The process of conducting the necessary clinical research to obtain regulatory approval is costly and time-consuming, and the successful development of product candidates, including neflamapimod, is highly uncertain.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related costs, including stock-based compensation for our personnel in executive, finance and accounting, and other administrative functions. General and administrative expenses also include legal fees relating to intellectual property and corporate matters, professional fees paid for accounting, auditing, consulting, and tax services, insurance costs, and facility costs.

We anticipate that our general and administrative expenses will increase in the future as we increase our headcount to support our continued research and development activities and as we continue development activities. We also anticipate that we will incur increased expenses as a result of continuing to operate as a public company, including expenses related to compliance with the rules and regulations of the SEC and those of any national securities exchange on which our securities are traded, legal, auditing, insurance expenses, investor relations activities, and other administrative and professional services.

Other Income (Expense)

Other income (expense) consists of the change in fair value of the previously outstanding Convertible Notes.

Interest Income

Interest income consists of interest earned on our marketable securities and on our cash and cash equivalent balances held with financial institutions.

Results of Operations

Comparison of the Three Months Ended June 30, 2024 and 2023

The following table summarizes our results of operations

	Three Months Ended June 30,			
	2024	**2023**	**$ Change**	**% Change**
Grant revenue	$ 3,288,971	$ 1,719,944	$ 1,569,027	91%
Operating expenses:				
Research and development	3,772,391	1,958,388	1,814,003	93%
General and administrative	2,511,679	992,553	1,519,126	153%
Total operating expenses	6,284,070	2,950,941	3,333,129	113%
Loss from operations	(2,995,099)	(1,230,997)	(1,764,102)	143%
Other income (expense):				
Other income (expense)	(247)	(212,211)	211,964	(100)%
Interest income	678,441	17,707	660,734	(a)
Total other income (expense)	678,194	(194,504)	872,698	(449)%
Net loss	$ (2,316,905)	$ (1,425,501)	$ (891,404)	63%

*(a) Not meaningful

Grant Revenue

Grant revenue was $3.3 million and $1.7 million for the three months ended June 30, 2024 and 2023, respectively. This increase in grant revenue — all of which, for each period presented, was received pursuant to our $21.0 million NIA Grant awarded in January 2023 to support the RewinD-LB Trial — was related to an increase in services performed during the three months ended June 30, 2024, as a result of, among other things, a larger number of trial sites being active during the current year period. We initiated the RewinD-LB Trial in the second quarter of 2023 and completed enrollment in June 2024, with trial sites being activated on a rolling basis throughout the enrollment period.

Research and Development Expenses

Research and development expenses were $3.8 million for the three months ended June 30, 2024, compared to $2.0 million for the three months ended June 30, 2023. The increase of $1.8 million was primarily due to the increase in outsourced CRO and related site expenses in relation to our RewinD-LB Trial, services for which ramped up progressively between initiation and the completion of enrollment as described above.

General and Administrative Expenses

General and administrative expenses were $2.5 million for the three months ended June 30, 2024, compared to $1.0 million for the three months ended June 30, 2023. The increase of $1.5 million was primarily due to public company related costs following the completion of the merger, which closed in the third quarter of 2023. The drivers of the increase were primarily outsourced legal costs, insurance costs, headcount costs, stock-based compensation expense due to additional stock options granted and an amendment to our former chief financial officer's previously granted option awards in connection with his termination as an employee in May 2024 to extend the vesting and exercise periods thereunder to September 30, 2025, and investor/public relations costs.

Other Income (Expense)

There was a de minimis amount of other income (expense) for the three months ended June 30, 2024, compared to $(0.2) million for the three months ended June 30, 2023. The change in the prior year period was due to adjustments to the fair value of the Convertible Notes for the three months ended June 30, 2023. The Convertible Notes converted into the right to receive common stock in connection with the closing of the Merger and were not outstanding during the current year period.

Interest income

Interest income was $0.7 million for the three months ended June 30, 2024, compared to almost no interest income for the three months ended June 30, 2023. The increase was primarily due to interest earned as a result of an increased cash equivalents and marketable securities balances following the completion of the 2024 Private Placement in April 2024.

Comparison of the Six Months Ended June 30, 2024 and 2023

The following table summarizes our results of operations

	Six Months Ended June 30,			
	2024	**2023**	**$ Change**	**% Change**
Grant revenue	$ 5,636,221	$ 3,127,812	$ 2,508,409	80%
Operating expenses:				
Research and development	6,586,649	3,791,662	2,794,987	74%
General and administrative	4,639,609	1,993,466	2,646,143	133%
Total operating expenses	11,226,258	5,785,128	5,441,130	94%
Loss from operations	(5,590,037)	(2,657,316)	(2,932,721)	110%
Other income (expense):				
Other income (expense)	(277)	644,368	(644,645)	(100)%
Interest income	759,074	53,111	705,963	(a)
Total other income (expense)	758,797	697,479	61,318	9%
Net loss	$ (4,831,240)	$ (1,959,837)	$ (2,871,403)	147%

*(a) Not meaningful

Grant Revenue

Grant revenue was $5.6 million and $3.1 million for the six months ended June 30, 2024 and 2023, respectively. This increase in grant revenue — all of which, for each period presented, was received pursuant to our $21.0 million NIA Grant awarded in January 2023 to support the RewinD-LB Trial — was related to an increase in services performed during the six months ended June 30, 2024, as a result of, among other things, a larger number of trial sites being active during the current year period. We initiated the RewinD-LB Trial in the second quarter of 2023 and completed enrollment in June 2024, with trial sites being activated on a rolling basis throughout the enrollment period.

Research and Development Expenses

Research and development expenses were $6.6 million for the six months ended June 30, 2024, compared to $3.8 million for the six months ended June 30, 2023. The increase of $2.8 million was primarily due to the increase in outsourced CRO and related site expenses in relation to our RewinD-LB Trial, services for which ramped up progressively between initiation and the completion of enrollment as described above.

General and Administrative Expenses

General and administrative expenses were $4.6 million for the six months ended June 30, 2024, compared to $2.0 million for the six months ended June 30, 2023. The increase of $2.6 million was primarily due to public company related costs following the completion of the merger, which closed in the third quarter of 2023. The drivers of the increase were primarily outsourced legal costs, insurance costs, headcount costs, stock-based compensation expense due to additional stock options granted and an amendment to our former chief financial officer's previously granted option awards in connection with his termination as an employee in May 2024 to extend the vesting and exercise periods thereunder to September 30, 2025, and investor/public relations costs.

Other Income (Expense)

There was a de minimis amount of other income (expense) for the six months ended June 30, 2024, compared to $0.6 million for the six months ended June 30, 2023. The change was due to adjustments to the fair value of the Convertible Notes for the six months ended June 30, 2023. The Convertible Notes converted into the right to receive common stock in connection with the closing of the Merger and were not outstanding during the current year period.

Interest income

Interest income was $0.8 million for the six months ended June 30, 2024 as compared to $0.1 million for the six months ended June 30, 2023. The increase was primarily due to interest earned as a result of an increased cash equivalents and marketable securities balances following the completion of the 2024 Private Placement in April 2024.

Liquidity and Capital Resources

Capital Requirements

From the date of our inception through June 30, 2024, our operations have primarily been financed through the issuance of common stock, convertible preferred stock and convertible debt financings. As of June 30, 2024, we had approximately $50.9 million of cash and cash equivalents and marketable securities. We have not generated positive cash flows from operations and as of June 30, 2024, we had an accumulated deficit of approximately $59.3 million. In January 2023, we were awarded a $21.0 million grant from the NIA to support the RewinD-LB Trial, which is expected to be received over a three-year period. As of June 30, 2024, total cash funding of $14.2 million had been received from the NIA Grant.

On April 1, 2024, pursuant to and in accordance with the terms of a securities purchase agreement with certain purchasers named therein, we completed the private placement of an aggregate of 2,532,285 units, each comprised of (i) (A) one share of common stock or (B) one Pre-Funded Warrant and (ii) one Series A Warrant. The aggregate upfront gross proceeds from the 2024 Private Placement were approximately $50.0 million, before deducting offering fees and expenses, and additional gross proceeds of up to approximately $99.4 million may be received if the Series A Warrants are exercised in full for cash.

In addition, we are party to our 2022 Sales Agreement with BTIG. The 2022 Sales Agreement is an "at-the-market" sales agreement pursuant to which we may, from time to time and through BTIG as our agent, sell up to an aggregate of $20.0 million in shares of common stock by any permissible method deemed an “at-the-market offering” as defined in Rule 415(a)(4) under the Securities Act. As of the date of this Quarterly Report, however, we have not sold any shares pursuant to the 2022 Sales Agreement.

Our primary uses of cash are to fund our operations, which consist primarily of research and development expenditures related to our programs and general and administrative expenditures. These primary uses of capital include, and we expect will continue to include, costs related to clinical research, manufacturing and development services; compensation and related expenses; costs relating to the build-out of our headquarters, other offices and laboratories; license payments or milestone obligations that may arise; laboratory expenses and costs for related supplies; manufacturing costs; legal and other regulatory expenses and general overhead costs. Cash used to fund operating expenses is impacted by the timing of when we pay these expenses, as reflected in the change in our outstanding accounts payable and accrued expenses.

Any product candidates we may develop may never achieve commercialization, and we anticipate that we will continue to incur losses for the foreseeable future. We expect that our research and development expenses, general and administrative expenses, and capital expenditures will continue to increase. In addition, we expect to incur costs associated with operating as a public company. As a result, until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements.

Based on our current operating plan, we believe our existing cash and cash equivalents and marketable securities on hand as of June 30, 2024, along with the remaining funds to be received from the NIA Grant, will enable us to fund our operating expenses and capital expenditure requirements for at least twelve months from the issuance of the unaudited condensed consolidated interim financial statements included in this Quarterly Report. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We will continue to require additional financing to advance our current product candidates through clinical development, to develop, acquire or in-license other potential product candidates and to fund operations for the foreseeable future. We will continue to seek funds through equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders’ rights. If we raise additional capital through a debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to raise capital, we may need to delay, reduce or terminate planned activities to reduce costs, including our development or commercialization activities for neflamapimod. We might also be required to seek funds through arrangements with third parties that require us to relinquish certain of our rights to neflamapimod or otherwise agree to terms unfavorable to us.

Because of the numerous risks and uncertainties associated with research, development and commercialization of product candidates, we are unable to estimate the exact amount of our operating capital requirements. Our future capital requirements will depend on, and could increase significantly as a result of, many factors, including:

- the progress, timing, costs and results of the RewinD-LB Trial, as well as additional development plans for neflamapimod in other disease indications, such as recovery after ischemic stroke and FTD;
- the outcome, timing and cost of meeting regulatory requirements established by the FDA and other comparable foreign regulatory authorities;
- our ability to reach certain milestone events set forth in our collaboration agreements and the timing of such achievements, triggering our obligation to make applicable payments;
- the hiring of additional clinical, scientific and commercial personnel to pursue our development plans, as well the increased costs of internal and external resources as to support our operations as a public reporting company;
- the cost and timing of securing manufacturing arrangements for clinical or commercial production;
- the cost of establishing, either internally or in collaboration with others, sales, marketing and distribution capabilities to commercialize neflamapimod, if approved;
- the cost of filing, prosecuting, enforcing, and defending our patent claims and other intellectual property rights, including defending against any patent infringement actions brought by third parties against us;
- the ability to receive additional non-dilutive funding, including grants from organizations and foundations;
- our ability to establish strategic collaborations, licensing or other arrangements with other parties on favorable terms, if at all; and
- the extent to which we may in-license or acquire other product candidates or technologies.

A change in the outcome of any of these or other variables could significantly alter the costs and timing associated with the development of neflamapimod. Furthermore, our operating plans may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

Cash Flows

	Six Months Ended June 30,	
	2024	**2023**
Net cash used in operating activities	$ (3,625,319)	$ (3,443,795)
Net cash used in investing activities	(40,570,256)	—
Net cash provided by financing activities	46,411,946	—
Net increase (decrease) in cash and cash equivalents	2,216,371	(3,443,795)

Operating Activities

For the six months ended June 30, 2024, cash used in operating activities was $3.6 million. The net cash outflow from operations primarily resulted from net loss of $4.8 million and accretion of discount on marketable securities of $0.3 million, partially offset by changes in operating assets and liabilities of $0.7 million and by a non-cash expense of $0.8 million for stock-based compensation.

For the six months ended June 30, 2023, cash used in operating activities was $3.4 million. The net cash outflow from operations primarily resulted from net loss of $2.0 million, change in fair value of convertible debt of $0.6 million and changes in operating assets and liabilities of $1.0 million.

Investing Activities

For the six months ended June 30, 2024, cash used in investing activities was $40.6 million due to the purchase of marketable securities following the completion of the 2024 Private Placement on April 1, 2024.

We did not have any cash provided by or used in investing activities for the six months ended June 30, 2023.

Financing Activities

For the six months ended June 30, 2024, cash provided by financing activities was $46.4 million due to proceeds from the sale of common stock for approximately $46.4 million, partially offset by the payment of issuance costs related to the sale of common stock for , in each case, in connection with the 2024 Private Placement.

We did not have any cash provided by or used in financing activities for the six months ended June 30, 2023.

Contractual Obligations and Other Commitments

We enter into contracts in the normal course of business with third-party contract organizations for clinical trials, nonclinical studies and manufacturing, and other services for operating purposes. The amount and timing of contractual obligations may vary based on the timing of services. We can generally elect to discontinue the work under these agreements at any time. In the future, we could also enter into additional collaborative research, contract research, manufacturing and supplier agreements which may require upfront payments or long-term commitments of cash.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, as defined by the rules and regulations of the SEC that have or are reasonably likely to have a material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources. As a result, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in these arrangements.

Critical Accounting Policies and Estimates

During the six months ended June 30, 2024, there were no material changes to our critical accounting policies and estimates from those described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report.

Recently Adopted Accounting Pronouncements

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in *Note 3, Summary of Significant Accounting Policies,* in the notes accompanying the unaudited condensed consolidated interim financial statements included in Part I, Item 1 of this Quarterly Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, promulgated by the SEC under the U.S. Securities Act of 1933, as amended, we are not required to provide the information required by this Item 3.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15I and 15d-15(e) promulgated under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and we are required to apply our judgment in evaluating the cost-benefit relationship of possible internal controls. Our management evaluated, with the participation of our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered in this report. Based on that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are ineffective due to the material weaknesses noted below in the subsequent paragraph.

Material Weaknesses in Internal Control over Financial Reporting

In connection with the audit of the Company's consolidated financial statements for the years ended December 31, 2023 and 2022, material weaknesses in the Company's internal control over financial reporting were identified in relation to: (i) the recording of significant complex transactions and (ii) the absence of effective controls regarding the accurate identification, evaluation and proper recording of various expense accounts.

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our condensed consolidated interim financial statements would not be prevented or detected on a timely basis. The identified material weaknesses, if not remediated, could result in a material misstatement to the Company's consolidated financial statements that may not be prevented or detected. A material weakness will not be considered remediated until a remediation plan has been fully implemented, the applicable controls operate for a sufficient period of time, and it has been concluded, through testing, that the newly implemented and enhanced controls are operating effectively.

On August 16, 2023, we completed the Merger. For financial reporting purposes, EIP was determined to be the accounting acquirer and, accordingly, for all periods prior to the Merger, EIP's historical financial statements and results of operations replace and are deemed to be the Company's financial statement and results of operations for such periods. While Diffusion was previously subject to the provisions of SOX, EIP, as a private, non-reporting operating company prior to the Merger, was not. Accordingly, upon consummation of the Merger, we began the process of integrating the pre-Merger business of EIP into Diffusion's pre-established public company, internal control framework, including internal controls and information systems and we continue to implement measures designed to improve our internal control over financial reporting to remediate the material weaknesses. As of the date of this Quarterly Report, we continue to be actively engaged in these efforts through, among other things, adding additional review procedures by qualified personnel over complex accounting matters, and we currently expect to complete the remediation plan during the year ending December 31, 2024. However, the Company cannot predict the success of such efforts or the outcome of its assessment of the remediation efforts and the Company's efforts may not remediate this material weakness in its internal control over financial reporting, or additional material weaknesses may be identified in the future.

Notwithstanding the material weaknesses in internal control over financial reporting described above, our management has concluded that our consolidated financial statements included in this Quarterly Report are fairly stated in all material respects in accordance with US GAAP.

Change in Internal Control Over Financial Reporting

Except as set forth above, there were no changes in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) that occurred during the quarter ended June 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Please refer to *Note 9, Commitments and Contingencies* in the notes accompanying the unaudited condensed consolidated interim financial statements included in Part I, Item 1 of this Quarterly Report, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

As of the date of this Quarterly Report, there have been no material changes to our risk factors previously disclosed in our Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On April 1, 2024, pursuant to and in accordance with the terms of a securities purchase agreement with certain purchasers named therein, we completed the private placement of an aggregate of 2,532,285 units, each comprised of (i) (A) one share of common stock or (B) one Pre-Funded Warrant and (ii) one Series A Warrant. The aggregate upfront gross proceeds from the 2024 Private Placement were approximately $50.0 million, before deducting offering fees and expenses, and additional gross proceeds of up to approximately $99.4 million may be received if the Series A Warrants are exercised in full for cash.

The 2024 Private Placement is exempt from the registration requirements of the Securities Act pursuant to the exemption for transactions by an issuer not involving any public offering under Section 4(a)(2) of the Securities Act and in reliance on similar exemptions under applicable state laws, as well as in accordance with applicable Nasdaq rules. The purchasers in the 2024 Private Placement represented that they were institutional accredited investors within the meaning of rules promulgated under the Securities Act and were acquiring the securities for investment only and with no present intention of distributing any of such securities or any arrangement or understanding regarding the distribution thereof. The securities were offered without any general solicitation by us or our representatives. The sale and issuance of securities in the 2024 Private Placement will not be registered under the Securities Act or any state securities laws and may not be offered or sold in the U.S. absent registration with the SEC or an applicable exemption from the registration requirements.

On June 5, 2024, our Registration Statement on Form S-1 related to the resale, from time to time, of the shares of common stock issued in the 2024 Private Placement (including shares of common stock issuable upon exercise of the Pre-Funded Warrants and Series A Warrants) by the selling stockholders named therein was declared effective by the SEC.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended June 30, 2024, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act), adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

Exhibit No.	Description	Method of Filing
4.1	Form of 2024 Private Placement Pre-Funded Warrant	Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on March 28, 2024.
4.2	Form of 2024 Private Placement Series A Warrant	Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on March 28, 2024.
10.1	Securities Purchase Agreement, dated March 28, 2024, by and between CervoMed Inc. and each of the purchasers party thereto	Incorporated by reference to Exhibit 10.19 to the Company's Registration Statement on Form S-1 filed on May 10, 2024.
10.2#	Amended & Restated Employment Agreement, effective as of June 1, 2024, by and between CervoMed Inc. and William Elder	Filed herewith.
10.3#	Separation Agreement, effective as of May 31, 2024, by and between the CervoMed Inc. and J. William Tanner, Ph.D.	Filed herewith.
10.4#	Consulting Agreement, effective as of June 1, 2024, by and between the CervoMed Inc. and J. William Tanner, Ph.D.	Filed herewith.
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)	Filed herewith.
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)	Filed herewith.
32.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b)	Furnished herewith.
32.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b)	Furnished herewith.
101.INS*	Inline XBRL Instance Document	Filed herewith.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101)	Filed herewith.

# Indicates a management contract or compensatory plan or arrangement.

* XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act, is deemed not filed for purposes of Section 18 of the Exchange Act, and otherwise is not subject to liability under these sections.

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.

CervoMed Inc.

Date: August 9, 2024

By: /s/ John Alam
John Alam
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2024

By: /s/ William Elder
William Elder
Chief Financial Officer and General Counsel
(Principal Financial Officer)

AMENDED & RESTATED EMPLOYMENT AGREEMENT

This Amended & Restated Employment Agreement (this "Agreement") is entered into effective as of June 1, 2024 (the "Effective Date"), by and between CervoMed Inc. (the "Company") and William Elder (the "Executive").

Recitals

WHEREAS, the Company and the Executive previously entered into that certain Employment Agreement, dated as of September 23, 2020, as amended March 29, 2023, pursuant to which the Company employs Executive as a full-time employee of the Company (as amended, the "Old Employment Agreement").

WHEREAS, the Company and the Executive each desire to amend and restate the terms of the Executive's employment with the Company in their entirety upon the terms and conditions hereinafter set forth.

NOW THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, and intending to be legally bound hereby, it is hereby agreed as follows:

Agreement

1. Definitions.

1.1. "Affiliate" means as to any Person, any other Person that directly or indirectly controls, or is under common control with, or is controlled by, such first Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of voting equity interests, by contract or otherwise). For the avoidance of doubt, each member of the Company Group (other than the Company) is an Affiliate of the Company.

1.2. "Board" means the Board of Directors of the Company.

1.3. "Cause" means the Executive's (i) indictment for, or entering of a plea of guilty or nolo contendere (or its equivalent under any applicable legal system) with respect to (A) a felony or (B) any crime involving moral turpitude; (ii) commission of fraud, misrepresentation, embezzlement or theft against any Person; (iii) engaging in any intentional activity that injures or would reasonably be expected to injure (monetarily or otherwise), in any material respect, the reputation, the business or a business relationship of the Company or any of its Affiliates; (iv) gross negligence or willful misconduct in the performance of the Executive's duties to the Company or its Affiliates under this Agreement, or willful refusal or failure to carry out the lawful instructions of the CEO that are consistent with the Executive's title and position; (v) violation of any fiduciary duty owed to the Company or any of its Affiliates; or (vi) breach of any Restrictive Covenant (as defined below) or material breach or violation of any other provision of this Agreement, of a written policy or code of conduct of the Company or any of its Affiliates (as in effect from time to time) or any other agreement between the Executive and the Company or any of its Affiliates. Except when such acts constituting Cause which, by their nature, cannot reasonably be expected to be cured, the Executive shall have twenty (20) days following the delivery of written notice by the Company of its intention to terminate the Executive's employment for Cause within which to cure any acts constituting Cause. Following such 20-day cure period, the Executive shall be given five (5) business days prior written notice to appear (with or without counsel) before the full Board for the opportunity to present information regarding his views on the alleged Cause event. After the Company provides the original notice of its intent to terminate Executive's employment for Cause, the Company may suspend the Executive from all his duties and responsibilities and prevent him from accessing the Company's or its Affiliates' premises or contacting any personnel of the Company or any of its Affiliates until a final determination on the hearing is made. Notwithstanding the foregoing or anything contained in this Agreement to the contrary, Executive's resignation from employment at a time when Cause exists shall be treated as a termination of employment by the Company for Cause, and no cure rights or right to be heard by the Board shall be provided.

1.4. "CEO" means the Chief Executive Officer of the Company.

1.5. "Change of Control" means (i) the accumulation (if over time, in any consecutive twelve (12) month period), whether directly, indirectly, beneficially or of record, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) of 50.1% or more of the shares of the outstanding voting securities of the Company, whether by merger, consolidation, sale or other transfer of shares (other than a merger or consolidation where the stockholders of the Company immediately prior to the merger or consolidation are immediately after such merger or consolidation the direct or indirect beneficial owners of a majority of the voting securities of the entity that survives such merger or consolidation), (ii) a sale of all or substantially all of the assets of the Company and its Subsidiaries, determined on a consolidated basis or (iii) during any period of twelve (12) consecutive months, the individuals who, at the beginning of such period, constitute the Board, and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then still in office who either were directors at the beginning of the 12-month period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board; provided, however, that the following acquisitions shall not constitute a Change of Control for the purposes of this Agreement: (A) any acquisitions of voting securities or securities convertible, exercisable or exchangeable into voting securities directly from the Company or (B) any acquisition of voting securities or securities convertible, exercisable or exchangeable into voting securities by any employee benefit plan (or related trust) sponsored by or maintained by the Company or any of its Subsidiaries; provided further, that a transaction will not be a Change of Control unless it also satisfies the requirements of Treasury Regulation 1.409A-3(i)(5)(v), (vi) or (vii).

1.6. "Code" means the Internal Revenue Code of 1986, as amended.

1.7. "Company Group" means the Company and the direct and indirect Subsidiaries of the Company.

1.8. "Company Invention" means any Invention that is Invented by the Executive (alone or jointly with others) (whether before, on or after the Effective Date) (i) in the course of, in connection with, or as a result of the Executive's employment or other service with any member of the Company Group, (ii) at the direction or request of any member of the Company Group, or (iii) through the use of, or that is related to, facilities, equipment, Confidential Information, other Company Inventions, intellectual property or other resources of any member of the Company Group, whether or not during the Executive's work hours.

1.9. "Confidential Information" shall mean all information of a sensitive, confidential or proprietary nature respecting the business and activities of any member of the Company Group or any of their respective Affiliates, or the predecessors and successors of any member of the Company Group or any of their respective Affiliates, including, without limitation, the terms and provisions of this Agreement (except for the terms and provisions of Sections 4.4 through 4.17), and the clients, customers, suppliers, computer or other files, projects, products, computer disks or other media, computer hardware or computer software programs, marketing plans, financial information, methodologies, Inventions, know-how, research, developments, processes, practices, approaches, projections, forecasts, formats, systems, data gathering methods and/or strategies of any member of the Company Group or any of their respective Affiliates. "Confidential Information" also includes all information received by the Company or any other member of the Company Group under an obligation of confidentially to a third party. Notwithstanding the foregoing, Confidential Information shall not include any information that is generally available, or is made generally available, to the public other than as a result of a direct or indirect unauthorized disclosure by the Executive or any other Person subject to a confidentiality obligation.

1.10. "Disability" means that the Executive has been unable, as determined by the Company in good faith, to perform the Executive's duties under this Agreement for a period of ninety (90) consecutive days or for a total of one hundred and twenty (120) days (whether or not consecutive) during any period of twelve (12) consecutive months, as a result of injury, illness or any other physical or mental impairment.

1.11. "Good Reason" means any of the following actions taken by the Company without the Executive's prior written consent: (i) a material reduction in the Executive's duties, responsibilities or authority; (ii) a material reduction of the Executive's Base Salary (as defined below); (iii) failure or refusal of a successor to the Company to either materially assume the Company's obligations under this Agreement or enter into a new employment agreement with the Executive on terms that are materially similar to those provided under this Agreement, in any case, in the event of a Change of Control; or (iv) a material breach of this Agreement by the Company. Notwithstanding the foregoing, Good Reason shall not be deemed to exist unless (A) the Executive gives the Company written notice within sixty (60) days after the first occurrence of the event which the Executive believes constitutes the basis for Good Reason, specifying the particular act or failure to act which the Executive believes constitutes the basis for Good Reason, (B) the Company fails to cure such act or failure to act within thirty (30) days after receipt of such notice and (C) the Executive terminates his employment within thirty (30) days after the end of such 30-day cure period specified in clause (B). In addition, and notwithstanding anything in this Agreement to the contrary, in connection with a pandemic, national emergency or other event that provides (or is expected to provide) a significant disruption to the Company's business, the compensation and/or benefits set forth in this Agreement may be reduced if such reduction applies generally to the Company's officers, and no such reduction (individually or combined with any other reduction(s)) shall give rise to Good Reason or be treated as a breach of this Agreement.

1.12. "Invented" means made, conceived, invented, authored, or first actually reduced to practice (in any case, whether partially or fully).

1.13. "Invention" means any invention, formula, therapy, diagnostic technique, discovery, improvement, idea, technique, design, method, art, process, methodology, algorithm, machine, development, product, service, technology, strategy, software, work of authorship or other Works (as defined in Section 4.13), trade secret, innovation, trademark, data, database, or the like, whether or not patentable, together with all intellectual property rights therein.

1.14. "Person" means an individual, partnership, limited liability company, corporation, association, joint stock company, trust, joint venture, unincorporated organization, investment fund, any other business entity and a governmental entity or any department, agency or political subdivision thereof.

1.15. "Subsidiary" means, with respect to any Person, any other Person in which such first Person has a direct or indirect equity ownership interest of at least 50%.

1.16. "Term of Employment" means the period of the Executive's employment with the Company under this Agreement.

1.17. "Termination Date" means the date the Executive's employment with the Company terminates for any reason.

2. Employment.

2.1. Executive's Representations. The Executive represents that (i) the Executive is entering into this Agreement voluntarily and that the Executive's employment hereunder and compliance with the terms and conditions hereof will not conflict with or result in the breach by the Executive of any agreement to which the Executive is a party or by which the Executive may be bound, and does not violate any duties owed by Executive to other third parties and (ii) in connection with the Executive's employment with the Company or any other member of the Company Group, the Executive will not (A) violate any non-competition, non-solicitation or other similar covenant or agreement by which the Executive is or may be bound or (B) use any confidential or proprietary information that the Executive may have obtained in connection with the Executive's employment or engagement with any other Person.

2.2. Position; Duties and Responsibilities. During the Term of Employment, the Executive shall be employed as the Company's Chief Financial Officer, with such duties and responsibilities that are consistent with such position as may be assigned by the CEO from time to time. In addition, during the Term of Employment, the Executive shall serve in such other officer and/or director positions with any member of the Company Group (for no additional compensation) as may be determined by the Board and/or the CEO from time to time. The Executive further agrees that, during the Term of Employment, he shall not knowingly take any action that is contrary to, or in conflict with, the best interests of the Company Group.

2.3. **Reporting; Outside Activities**. During the Term of Employment, the Executive shall report to the CEO, and the Executive shall diligently and conscientiously devote the Executive's full business time, attention, energy, skill and best efforts to the business and affairs of the Company Group. Notwithstanding the foregoing, the Executive may (i) continue to serve as a member of the board of any organization listed in Exhibit A hereto, (ii) serve on other boards as may be approved by the CEO in their sole discretion, (iii) engage in educational, charitable and civic activities and (iv) manage the Executive's personal and business investments and affairs, so long as such activities (A) do not, individually or in the aggregate, interfere with the performance of the Executive's duties under this Agreement and (B) are not contrary to the interests of the Company Group or competitive in any way with the Company Group. Subject to the foregoing, during the Term of Employment, the Executive shall not, directly or indirectly, render any services of a business, commercial, or professional nature to any other Person, whether for compensation or otherwise, without the prior written consent of the CEO.

3. **Compensation and Other Benefits**.

3.1. **Base Salary**. During the Term of Employment, the Executive shall receive an initial base salary per annum of $429,000, which shall be payable in cash in accordance with the Company's normal payroll practices as in effect from time to time. During the Term of Employment, the Board may review the Executive's base salary and the Board may, in its sole discretion, increase (but not decrease) such base salary by an amount it determines to be appropriate. The Executive's base salary, as may be in effect from time to time, is referred to herein as "Base Salary."

3.2. **Annual Bonus**. During the Term of Employment, the Executive shall be eligible to earn an annual performance bonus based on the achievement of the performance goals established by the Board or a committee thereof in its sole discretion, with an annual target bonus opportunity of 35% of the Base Salary and the potential to earn a higher bonus for above target performance, with the amount of any such bonus to be determined by the Board or a committee thereof in its sole discretion (the "Annual Bonus"). Any earned Annual Bonus shall be paid in cash as a lump sum by no later than the first March 15th to occur after the end of the applicable performance period. Except as set forth in Section 4.2, the Executive must be employed by the Company on the bonus payment date in order to receive an earned Annual Bonus with respect to any performance period.

3.3. **Equity Grants**. During the Term of Employment, the Executive shall be eligible for equity or equity-based awards that may be granted to the Executive at such times, in such amounts and in such manner as the Board may determine in its sole discretion. Any such equity or equity-based awards shall be subject to the terms and conditions set forth in the applicable plan and award agreement.

3.4. **Expense Reimbursement**. During the Term of Employment, the Company shall reimburse the Executive's reasonable and necessary business expenses incurred in connection with performing the Executive's duties hereunder in accordance with its then-prevailing policies and procedures for expense reimbursement (which shall include appropriate itemization and substantiation of expenses incurred).

3.5. **Benefit Plans; Vacation**. During the Term of Employment, the Executive shall be entitled to participate in all broad-based employee benefit plans and programs maintained from time to time for the benefit of the Company's employees (e.g., medical, dental and disability benefits) to the extent that the Executive satisfies the eligibility requirements of such plans or programs (including, without limitation, minimum hours worked) and subject to applicable law and the terms and conditions of such plans or programs; provided, however, that the Company may amend, modify or terminate any such plans or programs at any time in its discretion. During the Term of Employment, the Executive shall be entitled an allotment of 25 days of paid time off per calendar year, pro-rated for partial years, or such greater amount provided for pursuant to the Company's paid time off policy, as in effect from time to time, in each case, subject to the terms and conditions of such policy.

4. **Termination; Restrictive Covenants**. Upon the Termination Date, the Executive shall be deemed to have immediately resigned from any and all officer, director (unless otherwise directed in writing by the Company) and other positions the Executive then holds with the Company and its Affiliates (and this Agreement shall constitute notice of resignation by the Executive without any further action by the Executive), and the Executive agrees to execute and deliver such further instruments as are requested by the Company in furtherance of the foregoing. Except as expressly provided in Section 4.2, all rights the Executive may have to compensation and employee benefits from the Company or its Affiliates shall terminate immediately upon the Termination Date.

4.1. **General**. The Company may terminate the Term of Employment and the Executive's employment at any time, with or without Cause or due to Disability, upon written notice to the Executive. The Executive may terminate the Term of Employment and the Executive's employment for Good Reason or for any other reason at any time upon not less than ninety (90) days' advance written notice to the Company; provided, that following its receipt of the Executive's notice of termination, the Company may elect to reduce the notice period and cause the Termination Date to occur earlier, and no such action by the Company shall entitle the Executive to notice pay, severance pay or benefits or pay in lieu of notice or lost wages or benefits. In addition, the Term of Employment and the Executive's employment with the Company shall terminate immediately upon the Executive's death.

4.2. **Separation Payments**.

4.2.1. **General**. Except as otherwise provided in this Section 4.2, in the event that the Executive's employment with the Company terminates for any reason, the Executive (or the Executive's estate or legal representative, as applicable) shall be entitled to receive only (i) the cash portion of the Base Salary earned but unpaid through the Termination Date, paid in accordance with the Company's normal payroll policies (or at such earlier time as required by applicable law), (ii) any accrued but unused vacation in accordance with the Company's policies and applicable law, (iii) any unreimbursed business expenses incurred prior to the Termination Date that are otherwise reimbursable, with such expenses to be reimbursed in accordance with the Company's expense reimbursement policies (as may be in effect from time to time), and (iv) any vested benefits earned by the Executive under any employee benefit plan of the Company or its Affiliates under which the Executive was participating immediately prior to the Termination Date, with such benefits to be provided in accordance with the terms of the applicable employee benefit plan (the items described in the foregoing clauses (i) through (iv), collectively, the "Accrued Benefits"). All other rights the Executive may have to compensation and employee benefits from the Company or any of its Affiliates, other than as set forth in Sections 4.2.2, 4.2.3 or 4.2.4, shall immediately terminate upon the Termination Date.

4.2.2. Death and Disability. In the event that the Executive's employment is terminated due to the Executive's death or by the Company due to Disability, in either case, during the Term of Employment, then in addition to the Accrued Benefits, and subject to Section 4.2.5, the Executive (or the Executive's estate or legal representative, as applicable) shall be entitled to receive: (i) the Annual Bonus earned in the fiscal year immediately preceding the fiscal year in which such termination occurred, to the extent that such Annual Bonus is unpaid as of the Termination Date, with such amount to be payable in cash and/or fully vested shares of the Company's common stock (as determined by the Company in its sole discretion) at the same time as if no such termination had occurred (the "Unpaid Prior Year Bonus"); (ii) the Annual Bonus for the year in which the Termination Date occurs, but multiplied by a fraction (A) the numerator of which is the number of days Executive was employed as the Company's Chief Financial Officer (or, with respect to the year ending December 31, 2024, without duplication, as the Company's General Counsel and Corporate Secretary), during the fiscal year of such termination and (B) the denominator of which is the number of days in such fiscal year (to be paid in cash and/or fully vested shares of the Company's common stock (as determined by the Company in its sole discretion) at the same time as if no such termination had occurred); (iii) if the Executive and his eligible dependents are eligible for, and timely elect, COBRA continuation coverage, the Company shall reimburse the Executive (or the Executive's estate or legal representative, as applicable) for the COBRA premiums for the Executive and his eligible dependents under the Company's medical, dental and vision benefit plans for a period of 12 months immediately following the Termination Date (the "COBRA Benefit"); provided, however, that notwithstanding the foregoing, the COBRA Benefit shall not be provided to the extent that it would result in any fine, penalty or tax on the Company or any of its Affiliates (under Section 105(h) of the Code or the Patient Protection and Affordable Care Act of 2010, or otherwise); provided further, that the COBRA Benefit shall cease earlier if the Executive or his dependents become eligible for health coverage under the health plan of another employer; and (iv) to the extent the following will not result in a violation of Section 409A, with respect to each equity award received by Executive from the Company or any of its direct or indirect parent companies that is outstanding as of the Termination Date, accelerated vesting immediately upon the Termination Date of, (I) with respect to any such equity award received in payment of Base Salary or an Annual Bonus, 100% of such equity award and, (II) with respect to any equity award not described in clause (I), the greater of (x) the portion of the unvested equity award that would have become vested within 12 months after the Termination Date had the Executive remained employed by the Company during such 12-month period (without regard for the vesting schedule set forth in any applicable plan or agreement governing such equity award) or (y) the portion of the unvested equity award that is subject to accelerated vesting (if any) upon such termination under the applicable equity plan or award agreement; provided, however, that any equity awards that are subject to the satisfaction of performance goals shall be deemed earned at not less than target performance; and provided, further, that, with respect to any equity award that is in the form of a stock option or stock appreciation right, the option or stock appreciation right shall remain outstanding and exercisable for 12 months following the Termination Date or, if longer, such period following the Termination Date as provided under the applicable equity plan or award agreement (but in no event beyond the expiration date of the applicable option or stock appreciation right). All other rights the Executive may have to compensation and employee benefits from the Company or any of its Affiliates, other than as set forth in this Section 4.2.2, shall immediately terminate upon the Termination Date.

4.2.3. **Termination Without Cause or for Good Reason – Not In Connection with a Change of Control**. If, during the Term of Employment, the Executive's employment is terminated by the Company without Cause (and not due to death or Disability) or by Executive for Good Reason, in either case, and such termination is not covered by Section 4.2.4, then the Executive shall be entitled to receive the Accrued Benefits and, subject to Section 4.2.5: (i) the Unpaid Prior Year Bonus, with such amount to be payable in cash and/or fully vested shares of the Company's common stock (as determined by the Company in its sole discretion) at the same time as if no such termination had occurred; (ii) the Annual Bonus for the year in which the Termination Date occurs, but multiplied by a fraction (A) the numerator of which is the number of days the Executive was employed as the Company's Chief Financial Officer (or, with respect to the year ending December 31, 2024, without duplication, as the Company's General Counsel and Corporate Secretary), during the fiscal year of such termination and (B) the denominator of which is the number of days in such fiscal year (to be paid in cash and/or fully vested shares of the Company's common stock (as determined by the Company in its sole discretion) at the same time as if no such termination had occurred); (iii) continuation of the Base Salary as of the Termination Date for nine months immediately following the Termination Date, with all portions of such Base Salary to be paid in cash in substantially equal installments in accordance with the Company's normal payroll policies, with the first such payment to be made on the 60th day following the Termination Date and to include a catch-up covering any payroll dates between the Termination Date and the date of the first payment and (iv) the COBRA Benefit for a period of 12 months immediately following the Termination Date; provided, however, that notwithstanding the foregoing, the COBRA Benefit shall not be provided to the extent that it would result in any fine, penalty or tax on the Company or any of its Affiliates (under Section 105(h) of the Code or the Patient Protection and Affordable Care Act of 2010, or otherwise); provided further, that the COBRA Benefit shall cease earlier if the Executive (or his dependents) become eligible for health coverage under the health plan of another employer. All other rights the Executive may have to compensation and employee benefits from the Company or any of its Affiliates, other than as set forth in this Section 4.2.3, shall immediately terminate upon the Termination Date.

4.2.4. **Termination Without Cause or for Good Reason – In Connection with a Change of Control**. If, during the Term of Employment, the Executive's employment is terminated by the Company without Cause (and not due to death or Disability) or by Executive for Good Reason, in either case, (A) upon or within 24 months following a Change of Control or (B) within 60 days prior to a Change of Control, then the Executive shall be entitled to receive the Accrued Benefits and, subject to Section 4.2.5: (i) the Unpaid Prior Year Bonus, with such amount to be payable in cash and/or fully vested shares of the Company's common stock (as determined by the Company in its sole discretion) at the same time as if no such termination had occurred; (ii) the Annual Bonus for the year in which the Termination Date occurs, but multiplied by a fraction (x) the numerator of which is the number of days the Executive was employed as the Company's Chief Financial Officer (or, with respect to the year ending December 31, 2024, without duplication, as the Company's General Counsel and Corporate Secretary), during the fiscal year of such termination and (y) the denominator of which is the number of days in such fiscal year (to be paid in cash and/or fully vested shares of the Company's common stock (as determined by the Company in its sole discretion) at the same time as if no such termination had occurred); (iii) a lump sum payment equal to 1.5 times the sum of Executive's Base Salary (at the highest rate in effect during the 24 month period commencing on the date of such Change of Control) and the higher of Executive's target Annual Bonus opportunity and the Annual Bonus paid to Executive with respect to the fiscal year immediately preceding the fiscal year in which such termination occurred, with such payment to be paid in cash on the first payroll date after the effective date of the release (as described in Section 4.2.5) and in all events no later than 70 days after such termination and (iv) a payment equal to 18 times the monthly COBRA premium for Executive and his eligible dependents (at the rate in effect for Executive's coverage at the time of his termination, regardless of whether Executive elects COBRA coverage), with one-third of such payment to be paid in cash on the first payroll date after the effective date of the release (as described in Section 4.2.5) and in all events no later than 70 days after such termination, and with the remaining two-thirds to be paid according to the same schedule as the COBRA Benefit is provided in clause (iv) of Section 4.2.3 (i.e., in installments over 12 months immediately following the Termination Date). Notwithstanding the foregoing, in the event that a termination described in clause (B) of this Section 4.2.4 occurs, then the payments described in clauses (iii) and (iv) of this Section 4.2.4 shall be paid over the same nine-month period (or the same 12-month period, as applicable) and in the same manner as set forth in clauses (iii) and (iv) of Section 4.2.3, respectively, rather than being paid in a lump sum. In addition, if (and only if), during the Term of Employment, the Executive's employment is terminated by the Company without Cause (and not due to death or Disability) or by Executive for Good Reason, in either case, upon or within 24 months following a Change of Control, then, to the extent the following will not result in a violation of Section 409A, the Executive shall be entitled to, in addition to the Accrued Benefits and the payments set forth in the foregoing clauses (i) through (iv), and subject to Section 4.2.5, immediate and full accelerated vesting of all equity awards received by Executive from the Company or any of its direct or indirect parent companies that are outstanding as of the Termination Date without regard for the vesting schedule set forth in any applicable plan or agreement governing such equity awards; provided that, any equity awards that are subject to the satisfaction of performance goals shall be deemed earned at not less than target performance; and provided, further, that, with respect to any equity award that is in the form of a stock option or stock appreciation right, the option or stock appreciation right shall remain outstanding and exercisable for 24 months following the Termination Date (but in no event beyond the expiration date of the applicable option or stock appreciation right). All other rights the Executive may have to compensation and employee benefits from the Company or any of its Affiliates, other than as set forth in this Section 4.2.4, shall immediately terminate upon the Termination Date.

4.2.5. **Release Requirement**. Payment and provision of the benefits set forth in Sections 4.2.2, 4.2.3 and 4.2.4 (other than the Accrued Benefits) is subject to the Executive's (or, as applicable, the Executive's estate's or legal representative's) execution of a general release of claims and covenant not to sue in form and substance satisfactory to the Company, such that such release becomes effective, with all revocation periods having expired unexercised, within sixty (60) days after the Termination Date. Notwithstanding the foregoing, if payment of any of the severance benefits set forth in Sections 4.2.2, 4.2.3 or 4.2.4 (other than the Accrued Benefits) could commence in more than one taxable year based on when the release could become effective, then to the extent required by Section 409A (as defined below), any such payments that would have been made during the calendar year in which the Executive's employment terminates instead shall be withheld and paid on the first payroll date in the calendar year immediately after the calendar year in which the Executive's employment terminates, with all remaining payments to be made as if no such delay had occurred.

4.2.6. Violation of Restrictive Covenants. Without limiting the remedies provided to the Company and its Affiliates as set forth in this Article 4, upon the Executive's breach of any of the Restrictive Covenants (as defined below), other than any immaterial and unintentional breach by the Executive of the confidentiality obligations set forth in Section 4.11, the Company will have no obligation to continue to pay or provide any of the compensation or benefits under Section 4.2 (other than the Accrued Benefits) and the Executive shall repay to the Company any amounts paid under Section 4.2 (other than the Accrued Benefits) after such breach occurred.

4.3. Restrictive Covenants. As an inducement and as essential consideration for the Company to enter into this Agreement, and in exchange for other good and valuable consideration, the Executive hereby agrees to the restrictive covenants contained in Sections 4.5 through 4.17 (the "Restrictive Covenants"). The Company and the Executive agree that the Restrictive Covenants are essential and narrowly tailored to preserve the goodwill of the business of the Company and its Affiliates, to maintain the confidential and trade secret information of the Company and its Affiliates, and to protect other legitimate business interests of the Company and its Affiliates, and that the Company would not have entered into this Agreement without the Executive's agreement to the Restrictive Covenants. For purposes of the Restrictive Covenants, each reference to "Company," "Company Group" and "Affiliate," shall also refer to the predecessors and successors of the Company, the members of the Company Group and any of their respective Affiliates (as the case may be).

4.4. Non-Competition. During the period commencing on the Effective Date and ending 24 months after the Termination Date, regardless of the reason for Executive's termination of employment, the Executive shall not, anywhere in the United States, engage in, or own, manage, operate or control, or participate in the ownership, management, operation or control of any business or entity that develops, sells or provides products or services competitive with the products or services developed, sold or provided by any member of the Company Group. Notwithstanding the foregoing, nothing in this Section 4.5 shall prevent the Executive from owning, as a passive investor, up to two percent (2%) of the securities of any entity that are publicly traded on a national securities exchange. For the avoidance of doubt, nothing in this Section 4.5 prevents the Executive from working in the pharmaceutical industry as long as such positions and activities are not competitive with the business of the Company Group.

4.5. Customer Non-Solicitation. During the period commencing on the Effective Date and ending 24 months after the Termination Date, regardless of the reason for Executive's termination of employment, the Executive shall not (except on the Company's behalf during the Executive's employment with the Company), for purposes of providing products or services that are competitive with those provided by any member of the Company Group, on the Executive's own behalf or on behalf of any other Person, solicit any customer or client of any member of the Company Group with whom the Executive had contact, solicited, or served within the twelve (12) months prior to the Termination Date.

4.6. Customer Non-Acceptance. During the period commencing on the Effective Date and ending 24 months after the Termination Date, regardless of the reason for Executive's termination of employment, the Executive shall not (except on the Company's behalf during the Executive's employment with the Company), for purposes of providing products or services that are competitive with those provided by any member of the Company Group, on the Executive's own behalf or on behalf of any other Person, accept business from any customer or client of any member of the Company Group with whom the Executive had contact, solicited, or served within the twelve (12) months prior to the Termination Date.

4.7. Employee and Independent Contractor Non-Solicitation. During the period commencing on the Effective Date and ending 24 months after the Termination Date, regardless of the reason for Executive's termination of employment, the Executive shall not (except on the Company's behalf during the Term of Employment), on the Executive's own behalf or on behalf of any other Person, solicit for employment or engagement any individual who (A) is employed by, or an independent contractor of, any member of the Company Group at the time of such solicitation or (B) was employed by, or an independent contractor of, any member of the Company Group within 12 months prior to such solicitation.

4.8. Employee and Independent Contractor Non-Acceptance. During the period commencing on the Effective Date and ending 24 months after the Termination Date, regardless of the reason for Executive's termination of employment, the Executive shall not (except on the Company's behalf during the Term of Employment), on the Executive's own behalf or on behalf of any other Person, employ or engage any individual who (A) is employed by, or an independent contractor of, any member of the Company Group at the time of such employment or engagement or (B) was employed by, or an independent contractor of, any member of the Company Group within twelve (12) months prior to such employment or engagement.

4.9. Non-Disparagement. During the Term of Employment and at all times thereafter, the Executive shall not, directly or through any other Person make any public or private statements (whether orally, in writing, via electronic transmission, or otherwise) that disparage, denigrate or malign the Company, any of the Company's Affiliates or any of their respective businesses, products, services, activities, operations, affairs, reputations or prospects; or any of their respective officers, employees, directors, partners (general and limited), agents, members or shareholders. For purposes of clarification, and not limitation, a statement shall be deemed to disparage, denigrate or malign a Person if such statement could be reasonably construed to adversely affect the opinion any other Person may have or form of such first Person. The foregoing limitations shall not be violated by truthful statements made by the Executive (i) to any governmental authority or (ii) which are in response to legal process, required governmental testimony or filings, or administrative or arbitral proceedings (including, without limitation, depositions in connection with such proceedings).

4.10. **Confidentiality; Return of Property**. During the Term of Employment and at all times thereafter, the Executive shall not, without the prior express written consent of the Company, directly or indirectly, use on the Executive's behalf or on behalf of any other Person, or divulge, disclose or make available or accessible to any Person, any Confidential Information, other than when required to do so in good faith to perform the Executive's duties and responsibilities hereunder while employed by any member of the Company Group, when required to do so by a lawful order of a court of competent jurisdiction, any governmental authority or agency, or any recognized subpoena power, or in connection with reporting possible violations of federal law or regulation to any governmental agency or entity, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. In the event that the Executive becomes legally compelled (by oral questions, interrogatories, request for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any Confidential Information, then prior to such disclosure, the Executive will provide the Board with prompt written notice so that the Company may seek (with the Executive's cooperation) a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement. In the event that such protective order or other remedy is not obtained, then the Executive will furnish only that portion of the Confidential Information which is legally required, and will cooperate with the Company in the Company's efforts to obtain reliable assurance that confidential treatment will be accorded to the Confidential Information. In addition, the Executive shall not create any derivative work or other product based on or resulting from any Confidential Information (except in the good faith performance of the Executive's duties under this Agreement while employed by any member of the Company Group). The Executive shall also proffer to the Board's designee, no later than the Termination Date (or upon the earlier request of the Company), and without retaining any copies, notes or excerpts thereof, all property of the Company and its Affiliates, including, without limitation, memoranda, computer disks or other media, computer programs, diaries, notes, records, data, customer or client lists, marketing plans and strategies, and any other documents consisting of or containing Confidential Information, that are in the Executive's actual or constructive possession or which are subject to the Executive's control at such time. To the extent the Executive has retained any such property or Confidential Information on any electronic or computer equipment belonging to the Executive or under the Executive's control, the Executive agrees to so advise Company and to follow Company's instructions in permanently deleting all such property or Confidential Information and all copies. Notwithstanding the foregoing, in accordance with the Defend Trade Secrets Act of 2016, the Executive shall not be held criminally or civilly liable under any federal or state trade secret law (1) for the disclosure of a trade secret that (a) is made (I) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (II) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (2) if, in connection with any lawsuit filed by the Executive for retaliation by the Company for reporting a suspected violation of law, the Executive discloses a trade secret to his attorney and uses the trade secret information in the court proceeding, if the Executive files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

4.11. Ownership of Inventions. The Executive acknowledges and agrees that all Company Inventions (including all intellectual property rights arising therein or thereto, all rights of priority relating to patents, and all claims for past, present and future infringement, misappropriation relating thereto), and all Confidential Information, hereby are and shall be the sole and exclusive property of the Company (collectively, the "Company IP"). The Executive further acknowledges and agrees that any rights arising in the Executive in any Invention Invented by the Executive, whether alone or jointly with others, during the twelve (12) months following the Termination Date and relating in any way to work performed by the Executive for any member of the Company Group during the Executive's employment with or service for any member of the Company Group ("Post-employment Inventions"), shall hereby be deemed to be Company Inventions and the sole and exclusive property of the Company; provided, however, that the Board in its sole discretion may elect to compensate the Executive for any Post-employment Inventions. For consideration acknowledged and received, the Executive hereby irrevocably assigns, conveys and sets over to the Company all of the Executive's right, title and interest in and to all Company IP. The Executive acknowledges and agrees that the compensation received by the Executive for employment or services provided to the Company is adequate consideration for the foregoing assignment. The Executive further agrees to disclose in writing to the CEO any Company Inventions (including, without limitation, all Post-employment Inventions), promptly following their conception or reduction to practice. Such disclosure shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art of which the Company Invention pertains, a clear understanding of the nature, purpose, operations, and other characteristics of the Company Invention. The Executive agrees to execute and deliver such deeds of assignment or other documents of conveyance and transfer as the Company may request to confirm in the Company or its designee the ownership of the Company Inventions, without compensation beyond that provided in this Agreement. The Executive further agrees, upon the request of the Company and at its expense, that the Executive will execute any other instrument and document necessary or desirable in applying for and obtaining patents in the United States and in any foreign country with respect to any Company Invention. The Executive further agrees, whether or not the Executive is then an employee or other service provider of any member of the Company Group, upon request of the Company, to provide reasonable assistance with respect to the perfection, recordation or other documentation of the assignment of Company IP hereunder, and the enforcement of the Company's rights in any Company IP, and to cooperate to the extent and in the manner reasonably requested by the Company in any litigation or other claim or proceeding (including, without limitation, the prosecution or defense of any claim involving a patent) involving any Company IP covered by this Agreement, without further compensation but all reasonable out-of-pocket expenses incurred by the Executive in satisfying the requirements of this Section 4.12 shall be paid by the Company or its designee. The Executive shall not, on or after the date of this Agreement, directly or indirectly challenge the validity or enforceability of the Company's ownership of, or rights with respect to, any Company IP, including, without limitation, any patent issued on, or patent application filed in respect of, any Company Invention.

4.12. Works for Hire. The Executive also acknowledges and agrees that all works of authorship, in any format or medium, and whether published or unpublished, created wholly or in part by the Executive, whether alone or jointly with others (and whether before, on or after the Effective Date), (i) in the course of, in connection with, or as a result of the Executive's employment or other service with any member of the Company Group, (ii) at the direction or request of any member of the Company Group, or (iii) through the use of, or that is related to, facilities, equipment, Confidential Information, other Company Inventions, intellectual property or other resources of any member of the Company Group, whether or not during the Executive's work hours ("Works"), are works made for hire as defined under United States copyright law, and that the Works (and all copyrights arising in the Works) are owned exclusively by the Company and all rights therein will automatically vest in the Company without the need for any further action by any party. To the extent any such Works are not deemed to be works made for hire, for consideration acknowledged and received, the Executive hereby waives any "moral rights" in such Works and the Executive hereby irrevocably assigns, transfers, conveys and sets over to the Company or its designee, without compensation beyond that provided in this Agreement, all right, title and interest in and to such Works, including without limitation all rights of copyright arising therein or thereto, and further agrees to execute such assignments or other deeds of conveyance and transfer as the Company may request to vest in the Company or its designee all right, title and interest in and to such Works, including all rights of copyright arising in or related to the Works.

4.13. **Cooperation**. During and after the Term of Employment, the Executive agrees to cooperate with the Company Group in any internal investigation, any administrative, regulatory, or judicial proceeding or any dispute with a third party concerning issues about which the Executive has knowledge or that may relate to the Executive or the Executive's employment or service with any member of the Company Group. The Executive's obligation to cooperate hereunder includes, without limitation, being available to the Company Group upon reasonable notice for interviews and factual investigations, appearing in any forum at the Company Group's request to give testimony (without requiring service of a subpoena or other legal process), volunteering to the Company Group pertinent information, and turning over to the Company Group all relevant documents which are or may come into the Executive's possession. The Company shall promptly reimburse the Executive for the reasonable out of pocket expenses incurred by the Executive in connection with such cooperation.

4.14. **Injunctive Relief**. The Executive acknowledges and agrees that the Company and its Affiliates will have no adequate remedy at law and would be irreparably harmed if the Executive breaches or threatens to breach any of the Restrictive Covenants. The Executive agrees that the Company and its Affiliates shall be entitled to equitable and/or injunctive relief to prevent any breach or threatened breach of any of the Restrictive Covenants, and to specific performance of each of the terms thereof, in each case, in addition to any other legal or equitable remedies that the Company and its Affiliates may have, as well as the costs and reasonable attorneys' fees it/they incur in enforcing any of the Restrictive Covenants. The Executive further agrees that (i) any breach or claimed breach of the provisions set forth in this Agreement by, or any other claim the Executive may have against, the Company or any of its Affiliates will not be a defense to enforcement of any Restrictive Covenant and (ii) the circumstances of the Executive's termination of employment with the Company will have no impact on the Executive's obligations to comply with any Restrictive Covenant. The Restrictive Covenants are intended for the benefit of the Company and each of its Affiliates. Each Affiliate of the Company is an intended third party beneficiary of the Restrictive Covenants, and each Affiliate of the Company, as well as any successor or assign of the Company or such Affiliate, may enforce the Restrictive Covenants. The Executive further agrees that the Restrictive Covenants are in addition to, and not in lieu of, any non-competition, non-solicitation, protection of confidential information or intellectual property, or other similar covenants in favor of the Company or any of its Affiliates by which the Executive may be bound.

4.15. **Tolling During Periods of Breach**. The parties hereto agree and intend that the Restrictive Covenants (to the extent not perpetual) be tolled during any period that the Executive is in breach of any such Restrictive Covenant, with such tolling to cease with respect to a Restrictive Covenant once the Executive is in compliance with such Restrictive Covenant, so that the Company and its Affiliates are provided with the full benefit of the restrictive periods set forth herein.

4.16. **Notification of New Employer**. In the event that the Executive is employed or otherwise engaged by any other Person following the Termination Date, the Executive agrees to notify, and consents to the notification by Company and its Affiliates of, such Person of the Restrictive Covenants.

5. **Miscellaneous**.

5.1. **Applicable Law**. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, applied without reference to principles of conflicts of law.

5.2. **Venue**. Both the Executive and the Company agree to appear before and submit exclusively to the jurisdiction of the state and federal courts located in Wilmington, Delaware (including the Delaware Court of Chancery) with respect to such controversy, dispute or claim; provided, however, that any relief sought under Section 4.15 may be sought in any court of competent jurisdiction. Both the Executive and the Company also agree to waive, to the fullest possible extent, the defense of an inconvenient forum or lack of jurisdiction.

5.3. **WAIVER OF JURY TRIAL. THE COMPANY AND THE EXECUTIVE HEREBY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LITIGATION IN ANY COURT WITH RESPECT TO, IN CONNECTION WITH, OR ARISING OUT OF THE EXECUTIVE'S EMPLOYMENT BY, OR SERVICE WITH, ANY MEMBER OF THE COMPANY GROUP OR THE TERMINATION THEREOF, OR THIS AGREEMENT OR THE VALIDITY, PROTECTION, INTERPRETATION, COLLECTION OR ENFORCEMENT THEREOF (WHETHER ARISING IN CONTRACT, EQUITY, TORT OR OTHERWISE).**

5.4. **Amendments**. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

5.5. **Notices.** All notices and other communications hereunder shall be in writing, and shall be given by hand-delivery to the other party, by reputable overnight courier, or by registered or certified mail, return receipt requested, postage prepaid, addressed to such address as such party shall have furnished to the other in writing in accordance herewith. All such notices shall be deemed to have been duly given: (i) when delivered personally to the recipient, (ii) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid) or via e-mail (without notice of failed delivery or transmission); or (iii) four (4) business days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid.

5.6. **Clawback**. The Executive expressly acknowledges and agrees that he is subject to any clawback policy of the Company as in effect from time to time, and any compensation or benefits provided under this Agreement (whether payable in cash or equity or equity-based awards) may be reduced or be subject to recoupment pursuant to any such policy as in effect from time to time.

5.7. **Withholding**. The Company may withhold from any amounts payable under this Agreement such federal, state or local income taxes as are required to be withheld pursuant to any applicable law or regulation.

5.8. **Code Section 409A Compliance**.

5.8.1. The provisions of this Agreement are intended to comply with Section 409A of the Code and any final regulations and guidance promulgated thereunder ("Section 409A") or an exemption thereunder and shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment or provision of any benefit to Executive under Section 409A (without increasing the cost to the Company).

5.8.2. To the extent that Executive will be reimbursed for costs and expenses or be provided in-kind benefits, except as otherwise permitted by Section 409A,

(a) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit, (b) the amount of expenses eligible for reimbursement, or in-kind benefits, *provided* during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; *provided* that the foregoing clause (b) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect and (c) such payments shall be made on or before the last day of the taxable year immediately following the taxable year in which Executive incurred the expense.

5.8.3. To the extent required by Section 409A, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination constitutes a "Separation from Service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement references to a "termination," "termination of employment" or like terms shall mean Separation from Service.

5.8.4. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. Each installment payable hereunder shall constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b), including Treasury Regulation Section 1.409A-2(b)(2)(iii). Each payment that is made within the terms of the "short- term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) is intended to meet the "short-term deferral" rule. Each other separation payment is intended to be a payment upon an involuntary termination from service and payable pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), et. seq., to the maximum extent permitted by that regulation, with any amount that is not exempt from Section 409A being subject to Section 409A.

5.8.5. Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination, then only that portion of the severance and benefits payable to Executive pursuant to this Agreement, if any, and any other severance payments or separation benefits, in either case, which may be considered deferred compensation under Section 409A that is payable on account of the Executive's termination (other than by reason of death) (together, the "Deferred Compensation Separation Benefits") that are due to Executive on or within the six (6) month period following Executive's termination will accrue during such six (6) month period and will become payable in one lump sum payment on the date that is six (6) months and one (1) day following the date of Executive's termination of employment. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following termination but prior to the six (6) month anniversary of Executive's termination date, then any payments delayed in accordance with this paragraph will be payable in a lump sum within thirty (30) days after the date of Executive's death (but not earlier than such payment would have been made absent such death) and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit.

5.8.6. Notwithstanding anything herein to the contrary, neither the Company nor any of its Affiliates shall have any liability to the Executive or to any other Person if the payments and benefits provided in this Agreement that are intended to be exempt from or compliant with Section 409A are not so exempt or compliant.

5.9. Excess Parachute Payments under Code Section 280G. Notwithstanding any other provisions of this Agreement, if any "payments" (including, without limitation, any benefits or transfers of property or the acceleration of the vesting of any benefits) in the nature of compensation under any arrangement that is considered contingent on a Change of Control for purposes of Section 280G of the Code, together with any other payments that the Executive has the right to receive from the Company or any corporation that is a member of an "affiliated group" (as defined in Section 1504(a) of the Code without regard to Section 1504(b) of the Code) of which the Company is a member or from any other Person, would constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code), such "payments" may, at the Executive's sole election, be reduced to the largest amount that will result in no portion of such "payments" being subject to the excise tax imposed by Section 4999 of the Code. Any such reduction in "payments" shall be applied first against the latest scheduled cash payments; then current cash payments; then any equity or equity derivatives that are included under Section 280G of the Code at full value rather than accelerated value (with the highest value reduced first); then any equity or equity derivatives included under Section 280G of the Code at an accelerated value (and not at full value), with the highest value reduced first (as such values are determined under Treasury Regulation Section 1.280G-1, Q&A 24); and finally any other non-cash benefits will be reduced (in the order of latest scheduled payments to earliest scheduled payments). All calculations hereunder shall be performed by a nationally recognized independent accounting firm selected by the Company, with the full cost of such firm being borne by the Company. Any determinations made by such firm shall be final and binding on the Executive and the Company.

5.10. **Severability**. The terms and provisions of this Agreement are intended to be separate and divisible provisions and if, for any reason, any one or more of them is held to be invalid or unenforceable, neither the validity nor the enforceability of any other provision of this Agreement shall thereby be affected. It is the intention of the parties to this Agreement that the Restrictive Covenants be reasonable in duration, geographic scope and in all other respects. The Executive agrees that the Restrictive Covenants, including, without limitation, the duration, geographic scope and activity restrictions of each restriction, are reasonable in light of the Executive's senior position. However, if for any reason any court of competent jurisdiction shall find any provisions of the Restrictive Covenants unreasonable in duration or geographic scope or otherwise, it is the intention of the parties that the restrictions and prohibitions contained therein shall be modified by the court to be effective to the fullest extent allowed under applicable law in such jurisdiction.

5.11. **Captions**. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

5.12. **Counterparts**. This Agreement may be executed in counterparts and delivered by facsimile transmission or electronic transmission in "portable document format," each of which shall be an original and which taken together shall constitute one and the same document.

5.13. **Entire Agreement**. This Agreement contains the entire agreement concerning the subject matter hereof and supersedes all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties and their respective Affiliates relating to such subject matter (including, without limitation, the Old Employment Agreement or any other employment agreement, term sheet or offer letter).

5.14. **Survivorship**. The provisions of Article 1, Article 5, Section 2.1 and Sections 4.4 through 4.17 shall survive the termination of the Term of Employment, the termination of Executive's employment with the Company and the termination of this Agreement, in each case, in accordance with their terms.

5.15. **Successors and Assigns**. The Company may assign, without the Executive's consent, its rights and/or delegate its obligations under this Agreement to any successor of the Company, whether by operation of law, agreement or otherwise (including, without limitation, any Person who acquires all or a substantial portion of the business of the Company Group (whether direct or indirect and whether structured as a stock sale, asset sale, merger, recapitalization, consolidation or other transaction)) and, in connection with any such delegation of its obligations hereunder (but only so long as such assignee or delegee has consented in writing to be bound by the obligations hereunder) shall be released from such obligations hereunder. This Agreement may not be assigned by the Executive. Except as otherwise provided herein, this Agreement shall bind and inure to the benefit of and be enforceable by the Executive, the Company and their respective successors and permitted assigns.

[signature page follows]

IN WITNESS WHEREOF, Executive and the Company have caused this Agreement to be executed as of the day and year first above written.

CERVOMED INC.

By: /s/ John Alam, MD
Name: John Alam, MD
Title: President & CEO

EXECUTIVE

By: /s/ William Elder
Name: William Elder

EXHIBIT A

OUTSIDE ACTIVITIES

None.

Exhibit 10.3

May 15, 2024

Separation Agreement

The proposed terms and conditions of your separation from employment are as follows:

1. Your separation from CervoMed is effective as of May 31, 2024.

2. If you elect to sign this Separation Agreement ("Agreement"), you will be eligible for the following payments and benefits (in addition to those stated above) in exchange for your undertakings set forth in Paragraph 3 below:

a. Separation payments under Section 4.2.3 of your Employment Agreement with CervoMed effective November 15, 2023 (the "Employment Agreement"); provided however, COBRA benefits will not be provided because you are not eligible for COBRA through CervoMed. More specifically:

(i) nine (9) months pay at a gross monthly rate of Eighteen Thousand Dollars ($18,000), for a total of One Hundred Sixty-Two Thousand Dollars ($162,000), subject to lawful deductions, with such net amount to be paid in cash as a lump-sum on the first Company payroll date after the Effective Date (as defined below);

(ii) a lump-sum amount equal to $31,397, subject to lawful deductions, to compensate you for the pro-rated Annual Bonus for the year ending December 31, 2024, with such net amount to be paid in cash as a lump-sum on the first Company payroll date after the Effective Date; and

(iii) a lump-sum amount equal to $31,603, subject to lawful deductions, with such net amount to be paid in cash as a lump-sum on the first Company payroll date after the Effective Date.

The Employment Agreement is attached hereto as Exhibit 1.

b. You have been granted stock options in accordance with Stock Option Agreements dated September 15, 2023, November 20, 2023, and January 26, 2024 (collectively, "Stock Options"). Notwithstanding any provision to the contrary contained in the 2015 Equity Incentive Plan and the applicable award agreement, the Stock Options will remain exercisable and continue to vest until 5:00 pm Eastern Time on September 30, 2025.

3. (a) In consideration for CervoMed's undertakings set forth above in Paragraph 2, you agree, intending to be legally bound, to release and forever discharge CervoMed, from any and all causes of action or claims of any kind, known or unknown, which you now have or hereafter may have against CervoMed arising out of any matter, occurrence or event existing or occurring prior to the execution of this Agreement, including, without limitation:

-any claims relating to or arising out of your employment with and/or termination of employment by CervoMed;
-any claims of retaliation, or of discrimination and/or harassment based on sex, pregnancy, military/veteran's status, race, religion, color, creed, disability, handicap, citizenship, national origin, age, or any other factor prohibited by federal, state, or local law, such as Title VII of the Civil Rights Act, the Age Discrimination in Employment Act ("ADEA"), and the Americans with Disabilities Act ("ADA");
-any claims for retaliation or wrongful discharge;
-any claims under the Corporate and Criminal Fraud Accountability Act of 2002, also known as the Sarbanes Oxley Act;
-any claims under the Employee Retirement Income Security Act (ERISA);
-any claims under the Family and Medical Leave Act (FMLA);
-any claims under the Fair Labor Standards Act (FLSA);
-any claims under the False Claims Act;
-any claims for overtime;
-any claims for unpaid or withheld wages, severance, benefits, bonuses and/or other compensation of any kind;
-any claims for attorneys' fees, costs, or expenses;
-any other statutory or common law claims, now existing or hereinafter recognized, including, but not limited to, breach of contract, quasi-contract, detrimental reliance, libel, slander, fraud, wrongful discharge, promissory estoppel, equitable estoppel, misrepresentation or intentional infliction of emotional distress, negligence, and/or gross negligence;
-any claims under the Connecticut Fair Employment Practices Act, Conn. Gen. Stat. § 46a-51, et seq.; and
-any claims under the Massachusetts Civil Rights Act, the Massachusetts Equal Pay Act, the Massachusetts Equal Rights Act, the Massachusetts Fair Employment Practices Law, the Massachusetts Family and Medical Leave Law, claims for unpaid minimum wages and/or overtime under the Massachusetts Minimum Fair Wage Law, the Massachusetts Meal Break Law, the Massachusetts Earned Sick Time Law, the Massachusetts Domestic Violence Leave Act, the Massachusetts Privacy Statute, the Massachusetts Sexual Harassment Statute, claims for unpaid wages, commissions, bonuses, and/or any other form of compensation under the Massachusetts Wage Act including specifically (but without limitation) all claims under the Wage Act for (a) non-payment of wages (M.G.L. c. 149, § 148), (b) retaliation (M.G.L. c. 149, § 148A), and (c) misclassification (M.G.L. c. 149, § 148B), the Massachusetts Prevailing Wage Act, other claims that may be released under Massachusetts labor statutes, M.G.L. c. 149, the Massachusetts Non-Competition Agreement Act, the Massachusetts Parental Leave Act, and the Massachusetts Pregnant Workers Fairness Act.

The identification of specific statutes is for purposes of example only, and the omission of any specific statute or law shall not limit the scope of this general release in any way.

You acknowledge that this release shall not extend or apply to any claims that cannot be released by private agreement under applicable law, nor does it apply to claims that arise after the execution of this Agreement.

(b) The release in Paragraph 3 applies fully to protect the members, directors, owners, shareholders, partners, officers, employees, and agents, and any benefit plans of CervoMed and its parent, subsidiaries, and/or affiliates and their past and present members, directors, owners, stockholders, partners, officers, employees, agents, and representatives of any kind including any benefit plans of CervoMed and/or its affiliates ("Releasees"). Further, the release in Paragraph 3 applies fully to release the rights of your heirs, agents, attorneys, successors, assigns, and spouse concerning your employment or its termination.

4. Paragraph 3 above does not apply to any claims to enforce this Agreement.

5. You shall not be eligible for any CervoMed-paid compensation or benefits subsequent to the effective date of the termination of your employment, except as set forth in this letter and Agreement. By signing this Agreement, you acknowledge and agree that you have been paid all wages, bonuses, commissions, leave, stock options, stock, benefits and other compensation due and owing to you from CervoMed, including without limitation all accrued but unused vacation time, holiday time and PTO, and you agree to make no claims for any further wages, bonuses, commissions, leave, benefits and other compensation. Further, you acknowledge and agree that CervoMed's undertakings in Paragraph 2 above are not required by any policy, plan, or prior agreement (except the Employment Agreement, and subject to its conditions), and that you would not receive the consideration specified in Paragraph 2 except for your execution of this Agreement and the fulfillment of the promises contained herein.

6. (a) Except as stated in Paragraph 6(b) below, this Agreement embodies the complete understanding and agreement between you and CervoMed, and supersedes any and all prior agreements, oral or written, express or implied. This Agreement may not be modified, altered or changed except upon express written consent of both you and CervoMed, making specific reference to this Agreement. Should any provision of this Agreement be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

(b)(i) The parties entered into an Employment Agreement of November 15, 2023, which is attached hereto as Exhibit 1. The provisions of the Employment Agreement that apply to the parties after the end of your employment, will apply to the parties after the end of your employment on May 31, 2024 (including, without limitation, Sections 4.3 through 4.17 and Section 5 thereof). You acknowledge that you have been (or will be under this Separation Agreement) paid in full all compensation owed to you by CervoMed as an employee under that Employment Agreement. You further acknowledge that you will be paid no money by CervoMed, except as stated in Paragraph 2 of this Separation Agreement, and except as stated in the agreements referenced in this Paragraph 6(b).

(b)(ii) The parties entered into Stock Option Agreements as of various dates with respect to your CervoMed stock options (copies of which have been provided to you contemporaneous with this Separation Agreement). Your rights and obligations as to CervoMed stock options will continue to be controlled by the Stock Option Agreements and related 2015 Equity Incentive Plan, except as expressly stated in Paragraph 2(b) above.

(b)(iii) CervoMed has offered to you a Consulting Agreement. Should the parties enter into that Consulting Agreement, it will operate in addition to this Separation Agreement, Employment Agreement and Stock Option Agreements.

7. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

8. Nothing in this Agreement shall be construed as an admission or concession of liability or wrongdoing by you or by CervoMed. Rather, the proposed Agreement is being offered for the sole purpose of resolving and concluding amicably all possible matters between us.

9. (a) You agree that, at all times, the terms of Paragraph 2 of this Agreement will be kept secret and confidential and will not be disclosed voluntarily to any third party, except to the extent required by law, to enforce this Agreement, or to an attorney, accountant, and/or tax advisor with whom you consult regarding your consideration of this Agreement;

(b) Nothing in this Agreement shall prohibit or restrict you from (a) making any disclosure of information required by law; (b) providing information to, or testifying or otherwise assisting any investigation or proceeding brought by any federal or state regulatory or law enforcement agency or legislative body, and any self-regulatory organization, or CervoMed's legal or compliance departments; or (c) testifying, participating in or otherwise assisting in a proceeding relating to alleged violation of Sarbanes-Oxley Act or any federal, state or municipal law relating to fraud or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization.

10. You represent that you have returned to CervoMed all documents, materials, computers, and any other property or data which are the property of CervoMed. You agree that this Paragraph 10 is a material term of this Agreement and that compliance with this Paragraph 10 no later than May 31, 2024 is a condition of you receiving the payments and benefits described in Paragraph 2 above.

11. You may revoke this Agreement for a period of seven (7) days following the day you sign it. If you revoke it, you must do so in writing and the writing must be received within those seven (7) days by John Alam at the e-mail address set forth below. This Agreement shall not become effective or enforceable until this revocation period has expired (such date, the "Effective Date").

12. You agree to make yourself reasonably available for inquiries from CervoMed regarding matters that occurred during your employment with CervoMed. This includes responding on a timely basis to questions pertaining to procedures, processes, and practices used by you during your employment.

13. Taxation and Section 409A. All payments made to you under this Agreement are subject to withholding for all applicable income and employment taxes. All amounts payable under this Agreement are intended to comply with the "short term deferral" exception from Section 409A of the Internal Revenue Code ("Section 409A") specified in Treas. Reg. § 1.409A-1(b)(4) (or any successor provision) or the "separation pay plan" exception specified in Treas. Reg. § 1.409A-1(b)(9) (or any successor provision), or both of them, and shall be interpreted in a manner consistent with the applicable exceptions. Notwithstanding the foregoing, to the extent that any amounts payable in accordance with this Agreement are subject to Section 409A, this Agreement shall be interpreted and administered in such a way as to comply with Section 409A to the maximum extent possible. Each installment payment of compensation under this Agreement shall be treated as a separate payment of compensation for purposes of applying Section 409A. "Termination of employment," "resignation," or words of similar import as used in this Agreement shall mean, with respect to any payments subject to Section 409A, your "separation from service" as defined by Section 409A. If payment of any amount subject to Section 409A is triggered by a separation from service that occurs while you are a "specified employee" (as defined by Section 409A), and if such amount is scheduled to be paid within six (6) months after such separation from service, the amount shall accrue without interest and shall be paid the first business day after the end of such six-month period, or, if earlier, within 30 days following your death. Nothing in this Agreement shall be construed as a guarantee of any particular tax treatment to you. You shall be solely responsible for the tax consequences with respect to all amounts payable under this Agreement, and in no event shall CervoMed have any responsibility or liability if this Agreement does not meet any applicable requirements of Section 409A.

14. You agree and represent that:

-you have read carefully the terms of this Agreement, including the General Release;
-you have had an opportunity to and have been encouraged to review this Agreement, including the General Release, with an attorney;
-you understand the meaning and effect of the terms of this Agreement, including the General Release;
-you were given as much time as you needed to determine whether you wished to enter into this Agreement, including the General Release;
-the entry into and execution of this Agreement, including the General Release, is of your own free and voluntary act without compulsion of any kind; and
-no promise or inducement not expressed herein has been made to you.

If you agree with the proposed terms of the Agreement as set forth above, please sign this letter, indicating your understanding and agreement to be bound, and send the signed Agreement to me, John Alam, at the e-mail address set forth below. If you sign this Agreement prior to the Separation Date, you agree (i) you will continue to diligently and conscientiously devote the your business time, attention, energy, skill, and best efforts to the business and affairs of CervoMed through the Separation Date, (ii) to sign a Supplemental Separation Agreement and General Release which will restate the terms of the Release through and including the Separation Date and (iii) that CervoMed's obligations with respect to the Separation Payment will not apply until and unless you sign such Supplemental Separation Agreement and General Release.

Very truly yours,

CERVOMED INC.

BY: /s/ John Alam
John Alam
President & Chief Executive Officer
E-mail: _____

I UNDERSTAND THE SEPARATION AGREEMENT AND HEREBY AGREE TO ENTER INTO IT AND BE LEGALLY BOUND BY IT:

/s/ J. William Tanner, Ph.D.
J. William Tanner, Ph.D.

Date signed: May 31, 2024

Exhibit 10.4

CONSULTING AGREEMENT

This Consulting Agreement is made as of June 1, 2024, between CervoMed Inc. ("CervoMed"), and J. William Tanner (“Tanner”).

1. (a) Tanner has been employed by CervoMed as an employee pursuant to the terms of an Employment Agreement between CervoMed and Tanner. Tanner’s employment with CervoMed will conclude effective May 31, 2024. CervoMed has offered to Tanner a Separation Agreement, the entry into which is a necessary condition to the offering and entry into this Consulting Agreement. CervoMed and Tanner are also parties to Stock Option Agreements.

(b) In the event the parties enter into this Consulting Agreement, the post-employment terms of the Employment Agreement, the terms of the Separation Agreement, and the terms of the Stock Option Agreement will continue to apply, and operate in addition to the terms of this Consulting Agreement.

2. Commencing at 12:01 am on June 1, 2024, immediately after the end of Tanner’s employment with CervoMed, Tanner will be an independent contractor of CervoMed, pursuant to the terms of this Consulting Agreement (in addition to the ongoing terms of the agreements referenced in Paragraph 1 above).

3. Tanner shall be paid $450 per hour for all hours approved and worked under this Consulting Agreement. It is the parties’ intent that the level of services Tanner provides under this Consulting Agreement shall be no more than 20% of the average level of services Tanner provided CervoMed as an employee prior to May 31, 2024. CervoMed shall reimburse Tanner for reasonable and documented expenses actually incurred by Tanner in performing the services, including but not limited to travel and accommodation expenses, so long as such expenses are pre-approved in writing by CervoMed. Tanner shall maintain adequate books and records relating to any expenses to be reimbursed and shall submit requests for reimbursement in a timely manner and form acceptable to CervoMed.

4. For all hours Tanner wishes to work and be compensated under this Consulting Agreement, he shall seek the prior written approval of CervoMed’s Chief Executive Officer, and shall specify the nature of the work and the expected number of hours to be worked.

5. Tanner will be treated for all purposes as an independent contractor, and not as an employee. Accordingly, no withholdings will be made from the compensation to Tanner. Such compensation will be reported to the tax authorities by CervoMed concerning Tanner, including through the appropriate Form 1099, and Tanner will be responsible for all taxes owed on such compensation. No Social Security or Medicare taxes will be paid by CervoMed, and accordingly, Tanner will be responsible for both components of such taxes. No workers compensation or unemployment compensation taxes or premiums will be paid by CervoMed, and no such coverage will be provided to Tanner pursuant to his or her relationship with CervoMed. Tanner will not be covered under any CervoMed employee benefit plans (such as health insurance, disability insurance, or life insurance).

6. Tanner will provide his or her own place of work; a workplace will not be provided to Tanner by CervoMed.

7. Work Product & Inventions. (a) All work product produced by Tanner pursuant to his relationship with CervoMed will be the sole and exclusive property of CervoMed. Tanner further agrees to execute any additional written instrument reasonably necessary to fully convey to CervoMed full ownership of such work product.

(b) Tanner shall promptly and fully disclose to the CervoMed any and all ideas, improvements, inventions, know-how, techniques and works of authorship learned, conceived or developed by Tanner pursuant to the performance of the Services for the CervoMed or of tasks assigned to Tanner by the CervoMed hereunder (the "Service Product'). Tanner agrees to keep and maintain adequate and current records (in the form of notes, sketches, drawings or in any other form that may be required by the CervoMed) of all work performed relating to the Services, including all proprietary information developed relating thereto, and such records shall be available to and remain the sole property of the CervoMed at all times.

(c) Tanner agrees that any and all Service Product shall be the sole and exclusive property of the CervoMed. Tanner hereby assigns to the CervoMed all of Tanner's right, title and interest in and to any and all Service Product. Tanner explicitly acknowledges and agrees that all works of authorship contained in the Service Product are "works for hire" under the copyright laws of the United States, and that the CervoMed shall own the copyright in all such works of authorship. Tanner further agrees that the CervoMed is and shall be vested with all rights, title and interests, including patent, copyright, trade secret and trademark rights, in all of Tanner's Service Product under this Agreement.

(d) Tanner agrees to assist the CervoMed in every reasonable and proper way to obtain and enforce United States and foreign proprietary rights relating to the Service Product in any and all countries. Without limitation, Tanner agrees to execute, verify and deliver such documents and perform such other acts (including appearing as a witness) as the CervoMed may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining and enforcing such proprietary rights and the assignment thereof. In addition, Tanner agrees to execute, verify and deliver assignments of such proprietary rights to the CervoMed or its designee. Tanner's obligation to assist the CervoMed with respect to proprietary rights in any and all countries shall continue beyond the termination of Tanner' s engagement, but the CervoMed shall compensate Tanner at a reasonable rate after such termination for the time actually spent by Tanner at the CervoMed's request on such assistance. In the event the CervoMed is unable for any reason, after reasonable effort, to secure Tanner's signature on any document needed in connection with the actions specified in the preceding paragraph, Tanner hereby irrevocably designates and appoints the CervoMed and its duly authorized officers and agents as Tanner's agent and attorney in fact, to act for and on behalf of Tanner to execute, verify and file, with the same legal force and effect as if executed by Tanner, any such documents and to do all other lawfully permitted acts to further the purposes of the preceding paragraph. Tanner hereby waives and quitclaims to the CervoMed any and all claims of any nature whatsoever which Tanner now or may hereafter have for infringement of any proprietary rights assigned to the CervoMed. Tanner shall require each of its employees and contractors to execute written agreements securing for the CervoMed the rights provided for in this Section 7 prior to such employee or contractor providing any Services under this Agreement.

8. Confidential Information. (a) During the term of this Agreement and in the course of Tanner's performance hereunder, Tanner may receive or otherwise be exposed to confidential and proprietary information relating to the CervoMed's technology, know-how, data, inventions, developments, plans, business practices, and strategies. Such confidential and proprietary information of the CervoMed (collectively referred to as "Information") may include but is not be limited to: (i) confidential and proprietary information supplied to Tanner with the legend "Confidential" or equivalent; (ii) the CervoMed's research and development initiatives, marketing and customer support strategies, financial information (including sales, costs, profits and pricing methods), internal organization, employee information, and customer lists; (iii) the CervoMed's technology, including, but not limited to, discoveries, inventions, research and development efforts, data, software, trade secrets, processes, samples, formulas, methods, product and know-how and show-how; (iv) all derivatives, improvements, additions, modifications, and enhancements to any of the above, including any such information or material created or developed by Tanner under this Agreement; (v) information of third parties as to which the CervoMed has an obligation of confidentiality; or (vi) the existence and terms of this Agreement. Tanner acknowledges the confidential, proprietary and secret character of the Information and agrees that the Information is the sole, exclusive and extremely valuable property of the CervoMed. Accordingly, Tanner agrees not to reproduce any of the Information without the applicable prior written consent of the CervoMed, not to use the Information except in the performance of this Agreement, and not to disclose all or any part of the Information in any form to any third party, either during or after the term of this Agreement.

(b) Tanner agrees not to improperly use or disclose any proprietary information or trade secrets of Tanner's former or concurrent employers or companies, if any, during Tanner's engagement with the CervoMed and not to bring onto the premises of the CervoMed any unpublished documents or any property belonging to Tanner's former or concurrent employers or companies unless consented to in writing by such employers or companies.

(c) Tanner recognizes that the CervoMed has received and in the future will receive from third parties certain confidential or proprietary information subject to a duty on the CervoMed's part to maintain the confidentiality of such information and, in some cases, to use it only for certain limited purposes. Tanner agrees that any such third party information shall be “Information” for purposes of this Agreement and subject to the provisions of this Section 8.

(d) For purposes of this Agreement, "Information" shall not include any information (i) that is or hereafter becomes part of the public domain through no wrongful act, fault or negligence on the part of the Tanner, (ii) that is received from a third party without restriction and without breach of any agreement or duty to which such third party is subject, (iii) that Tanner can demonstrate was in its possession without any limitation or restriction on use prior to its receipt from the CervoMed and (iv) that Tanner can demonstrate was independently developed by Tanner without any reference to Information.

9. Tanner represents and agrees that Tanner has not been debarred by the FDA under 21 U.S.C. 335a (Section 306, Federal Food, Drug and Cosmetic Act). Tanner will notify CervoMed immediately in the event of any debarment or threat of debarment occurring during the period in which Tanner is performing Services or thereafter.

10. This Consulting Agreement may be terminated by either party, for any reason, at any time. Unless terminated sooner, this Consulting Agreement shall expire on December 1, 2025.

11. This is the full agreement of the parties. This Agreement shall be governed by and construed according to the laws of the State of Delaware, without regard to the conflict of laws rules thereof that would cause the application of the law of a different jurisdiction. If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, that provision shall be severed and the remainder of this Agreement shall continue in full force and effect.

12. All amounts payable under this Consulting Agreement are intended to comply with or be exempt from Section 409A of the Internal Revenue Code ("Section 409A"). To the extent that any amounts payable in accordance with this Consulting Agreement are subject to Section 409A, this Consulting Agreement shall be interpreted and administered in such a way as to comply with Section 409A to the maximum extent possible. Each installment payment under this Consulting Agreement shall be treated as a separate payment for purposes of applying Section 409A.

CERVOMED INC.

Date: May 15, 2024

By: /s/ John Alam
John Alam, President and CEO

J. WILLIAM TANNER

Date: May 31, 2024

/s/ J. William Tanner

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, John J. Alam, MD, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CervoMed 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(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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.

Date: August 9, 2024

/s/ John J. Alam, MD
John J. Alam, MD
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, William Elder, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of CervoMed 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(s) 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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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.

Date: August 9, 2024

/s/ William Elder
William Elder
Chief Financial Officer & General Counsel
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE

SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of CervoMed Inc. (the "Company") for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my 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 financial condition and results of operations of the Company.

Date: August 9, 2024

/s/ John J. Alam, MD
John J. Alam, MD
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE

SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of CervoMed Inc. (the "Company") for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my 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 financial condition and results of operations of the Company.

Date: August 9, 2024

/s/ William Elder
William Elder
Chief Financial Officer & General Counsel