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 March 31, 2026

☐ **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 May [6], 2026 was [9,258,719] shares.

CervoMed Inc.

INTRODUCTORY NOTES

Note Regarding Company References and Other Defined Terms

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 CervoMed Inc. for all dates and periods subsequent to (and including) August 16, 2023 and to the business of EIP, our wholly-owned subsidiary and the accounting acquirer in the Merger, for all dates and periods prior to August 16, 2023 and (ii) "common stock" refer to our common stock, par value $0.001 per share.

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
2025 Equity Plan	CervoMed Inc. 2025 Equity Incentive Plan
401(k) Plan	CervoMed Inc. 401(k) Defined Contribution Plan
AD	Alzheimer's Disease
ALS	amyotrophic lateral sclerosis
Annual Report	our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 13, 2026
ASC	Accounting Standard Codification of the FASB
ASU	Accounting Standards Update
Board	our board of directors
CDMO	contract development and manufacturing organization
CMC	chemistry, manufacturing and controls
CODM	chief operating decision maker
CRO	contract research organization
DLB	dementia with Lewy bodies
DLB without AD co-pathology	DLB without concomitant AD-related pathology. May also be referred to as "pure" DLB.
EIP	EIP Pharma, Inc., a Delaware corporation and our wholly-owned subsidiary
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FDA	U.S. Food and Drug Administration
FTD	frontotemporal disorders
IT	information technology
Merger	the merger of Dawn Merger Sub Inc. with and into EIP, with EIP surviving as a wholly-owned subsidiary of the Company, completed on August 16, 2023, pursuant to the Merger Agreement
Merger Agreement	the Agreement and Plan of Merger, dated March 30, 2023, by and among Diffusion Pharmaceuticals Inc., Dawn Merger Sub Inc., and EIP
Nasdaq	the Nasdaq Stock Market LLC
nfvPPA	non-fluent variant primary progressive aphasia
NIA	the National Institute on Aging of the National Institutes of Health
NIA Grant	the $21.3 million grant awarded to us by the NIA to support the RewinD-LB Trial, $21.0 million of which was awarded in January 2023 and an additional $0.3 million of which was awarded in August 2024
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
Quarterly Report	this Quarterly Report on Form 10-Q

RAS	recovery after stroke
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 DLB, from which we announced final results in October 2025
ROU	right-of-use
Sales Agreement	Sales Agreement, dated May 12, 2025, by and between the Company and Leerink Partners LLC
SEC	U.S. Securities and Exchange Commission
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 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
US	United States of America
US GAAP	US 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,” “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, our ability to obtain additional financing in the future, and our ability to continue as a going concern;
- the success and timing of our ongoing and planned clinical trials and nonclinical studies, including our ability to enroll participants in our studies at anticipated rates, our ability to manufacture an adequate amount of drug supply for our studies, and changes to our drug candidates' formulations;
- obtaining and maintaining intellectual property protection for our current or future product candidates and our proprietary technology;
- the performance of third parties, including CROs, CDMOs, manufacturers, suppliers, and outside consultants, to whom we outsource certain operations, 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 IT systems and infrastructure;
- recently enacted and future legislation related to the healthcare system;
- other regulatory developments in the US, 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; 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)

	March 31, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 7,941,751	$ 8,235,469
Marketable securities	4,982,230	12,628,970
Prepaid expenses and other current assets	1,695,341	1,267,005
Deferred offering costs	493,596	320,581
Grant receivable	—	426,993
Total current assets	15,112,918	22,879,018
Total assets	$ 15,112,918	$ 22,879,018
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 2,272,497	$ 1,454,118
Accrued expenses and other current liabilities	2,224,706	3,201,999
Total liabilities	4,497,203	4,656,117
Commitments and Contingencies (Note 8)		
Stockholders' Equity:		
Series A preferred stock $0.001 par value: 30,000,000 authorized at March 31, 2026 and December 31, 2025, 0 shares issued and outstanding at March 31, 2026 and December 31, 2025	—	—
Common stock, $0.001 par value: 1,000,000,000 shares authorized at March 31, 2026 and December 31, 2025: 9,258,719 and 9,252,719 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively	9,258	9,252
Additional paid-in capital	116,268,674	115,905,684
Accumulated other comprehensive (loss) income	(208)	5,816
Accumulated deficit	(105,662,009)	(97,697,851)
Total stockholders' equity	10,615,715	18,222,901
Total liabilities and stockholders' equity	$ 15,112,918	$ 22,879,018

See accompanying notes to unaudited condensed consolidated interim financial statements

CervoMed Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(unaudited)

	Three Months Ended March 31,	
	2026	**2025**
Grant revenue	$ —	$ 1,917,491
Operating expenses:		
Research and development	5,135,419	4,837,798
General and administrative	2,975,105	2,382,577
Total operating expenses	8,110,524	7,220,375
Loss from operations	(8,110,524)	(5,302,884)
Other income (expense):		
Other expense	(1,021)	(135)
Interest income	147,387	408,985
Total other income, net	146,366	408,850
Net loss	$ (7,964,158)	$ (4,894,034)
Per share information:		
Net loss per share of common stock, basic and diluted	$ (0.86)	$ (0.56)
Weighted average shares outstanding, basic and diluted	9,258,319	8,702,719
Net loss:		
Net unrealized loss on marketable securities	(6,024)	(34,974)
Total comprehensive loss	$ (7,970,182)	$ (4,929,008)

See accompanying notes to unaudited condensed consolidated interim financial statements

CervoMed Inc.
Condensed Consolidated Statements of Stockholders' Equity
(unaudited)

	Three Month Period Ended March 31, 2026					
	Common Stock		Additional Paid-in Capital	Accumulated other comprehensive (loss) income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2025	9,252,719	$ 9,252	$ 115,905,684	$ 5,816	$ (97,697,851)	$ 18,222,901
Unrealized loss on marketable securities	—	—	—	(6,024)	—	(6,024)
Stock-based compensation expense	—	—	349,196	—	—	349,196
Exercise of stock options	6,000	6	13,794	—	—	13,800
Net loss	—	—	—	—	(7,964,158)	(7,964,158)
Balance at March 31, 2026	9,258,719	$ 9,258	$ 116,268,674	$ (208)	$ (105,662,009)	$ 10,615,715

	Three Month Period Ended March 31, 2025					
	Common Stock		Additional Paid-in Capital	Accumulated other comprehensive (loss) income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2024	8,702,719	$ 8,702	$ 109,868,913	$ 56,197	$ (70,731,484)	$ 39,202,328
Unrealized gain on marketable securities	—	—	—	(34,974)	—	(34,974)
Stock-based compensation expense	—	—	361,167	—	—	361,167
Net loss	—	—	—	—	(4,894,034)	(4,894,034)
Balance at March 31, 2025	8,702,719	$ 8,702	$ 110,230,080	$ 21,223	$ (75,625,518)	$ 34,634,487

See accompanying notes to unaudited condensed consolidated interim financial statements

CervoMed Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Three Months Ended March 31,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (7,964,158)	$ (4,894,034)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discount on marketable securities, net	(70,104)	(251,828)
Stock-based compensation expense	349,196	361,167
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(428,336)	201,613
Accounts payable	765,364	349,158
Accrued expenses and other current liabilities	(1,097,293)	(285,439)
Grant receivable	426,993	625,004
Net cash used in operating activities	(8,018,338)	(3,894,359)
Cash flows from investing activities:		
Purchase of marketable securities	(989,180)	(7,103,423)
Maturities of marketable securities	8,700,000	12,500,000
Net cash provided by investing activities	7,710,820	5,396,577
Cash flows from financing activities:		
Proceeds from the exercise of stock options	13,800	—
Net cash provided by financing activities	13,800	—
Net (decrease) increase in cash and cash equivalents	(293,718)	1,502,218
Cash and cash equivalents at beginning of period	8,235,469	8,999,496
Cash and cash equivalents at end of period	$ 7,941,751	$ 10,501,714
Supplemental disclosure of non-cash investing and financing activities:		
Deferred offering costs in accrued expenses	$ 120,000	$ —
Deferred offering costs in accounts payable	$ 53,015	$ —
Unrealized loss on marketable securities	$ (6,024)	$ (34,974)

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 brain disorders. Its lead drug candidate, neflamapimod, is an oral, small molecule targeting critical disease processes underlying degenerative disorders of the brain by inhibiting a key enzyme involved in neuroinflammation and neurodegeneration. The Company recently completed its RewinD-LB Trial, a Phase 2b study of neflamapimod in patients with DLB funded primarily by a $21.3 million grant from the NIA.

2. Liquidity and Capital Resources

Liquidity and Capital Resources

The Company has $12.9 million of cash, cash equivalents, and marketable securities as of March 31, 2026, has generated negative cash flows from operations and had an accumulated deficit of $105.7 million as of March 31, 2026. The Company expects to continue to generate operating losses for the foreseeable future. The Company's future viability is dependent on its ability to raise additional capital to finance its operations and pursue its business strategies. There can be no assurances that additional funding will be available on terms acceptable to the Company, or at all. These conditions cause substantial doubt regarding the Company's ability to continue as a going concern.

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 grants, 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.

Accordingly, substantial doubt about the Company's ability to continue as a going concern is not alleviated. Based on its current operating plan, the Company does not believe its existing cash, cash equivalents and marketable securities on hand of $12.9 million as of March 31, 2026 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 accompanying unaudited condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The unaudited condensed consolidated interim financial statements do not include any adjustments that might result from the outcome of the uncertainty described in this Note 2.

Risks and Uncertainties

The Company is 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 the 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, 2025, 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 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, and expenses during the reporting 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, cash equivalents, and marketable securities. The Company maintains deposits in financial institutions 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 financial institutions 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 US government securities, commercial paper, and corporate debt securities.

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 for the three months ended March 31, 2026, and year ended December 31, 2025.

Marketable Securities

The Company classifies its marketable securities as available-for-sale, which include commercial paper, US government debt securities, and corporate 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) income 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 months ended March 31, 2026, and 2025. There was no allowance for credit losses as of March 31, 2026, or December 31, 2025.

Equity Issuance Costs

The Company capitalizes costs directly associated with equity financings as deferred offering costs on its consolidated balance sheet. These costs remain capitalized until such financings are consummated, at which time such costs are recorded against the gross proceeds from the applicable financing. With respect to financings conducted on an ongoing basis, such as at-the-market offerings, costs are recognized ratably as funds are received in proportion to the aggregate offering amount. If a financing is abandoned, any remaining deferred offering costs are expensed.

As of March 31, 2026, and December 31, 2025, there were $0.5 million and $0.3 million of deferred offering costs, respectively, related primarily, in each case, to the Sales Agreement.

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

The Company accounts for leases in accordance with ASC Topic 842, Leases, which 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 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 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 utilizes 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 are 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 an estimate of expense for nonclinical studies and clinical trials in the period the expense is incurred. Estimates are based on the services performed pursuant to contracts with research institutions, CROs in connection with clinical studies, investigative sites in connection with clinical studies, vendors in connection with nonclinical development activities, and CMOs in connection with the production of materials for clinical trials. Further, the Company records 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 expense 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 interim 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 nonclinical studies and clinical trial expenses.

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 condensed consolidated interim 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 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.

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 US Treasury yield curve in effect at the date of grant for zero-coupon US 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.

Grant Revenue

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 condensed consolidated interim balance sheets as grant receivable. Amounts received in advance of services rendered are recorded as deferred grant revenue on the Company's unaudited condensed consolidated interim balance sheets. The related costs incurred by the Company are included in research and development expense in the Company's unaudited condensed consolidated interim 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 condensed consolidated interim statements of operations and comprehensive loss. Accrued interest and penalties are included on the accrued expenses and other current liabilities line in the unaudited condensed consolidated interim 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. Diluted net 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:

	March 31,	
	2026	**2025**
Common stock warrants	2,575,903	2,609,289
Stock options	1,285,806	909,438
	3,861,709	3,518,727

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU No. 2024-03, "Disaggregation of Income Statement Expenses" (ASU 2024-03). ASU 2024-03 requires additional disclosure of specific types of expenses included in the expense captions presented on the face of the statement of operations and comprehensive loss, as well as disclosures about selling expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The requirements will be applied prospectively with the option for retrospective application. The Company is currently evaluating the impact that the adoption of ASU 2024-03 will have on its consolidated financial statements and disclosures.

In December 2025, the FASB issued ASU No. 2025-11, "Interim Reporting Narrow-Scope Improvements" (Topic 270), which is intended to improve the navigability of the guidance in ASC 270, Interim Reporting, and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides interim financial statements and notes in accordance with US GAAP. ASU 2025-11 also addresses the form and content of such financial statements, interim disclosures requirements, and establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, and early adoption is permitted. The Company is currently evaluating the impact of these amendments on its consolidated financial statement disclosures.

4. Fair Value of Financial Instruments

The Company’s financial instruments consist primarily of cash, cash equivalents, marketable securities, and accounts payable. The Company’s cash, cash equivalents, marketable securities, and accounts payable approximate fair value due to their relatively short maturities.

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

	March 31, 2026		
	(Level 1)	(Level 2)	(Level 3)
Assets			
Cash equivalents:			
Money market accounts	$ 4,590,399	$ —	$ —
Commercial paper	—	1,988,990	—
Marketable securities:			
Commercial paper	$ —	$ 2,492,270	$ —
US treasury bonds	—	2,239,960	—
US government agency bonds	—	250,000	—
Total assets measured at fair value	4,590,399	6,971,220	—

	December 31, 2025		
	(Level 1)	(Level 2)	(Level 3)
Assets			
Cash equivalents:			
Money market accounts	$ 6,300,291	$ —	$ —
Commercial paper	—	999,330	—
Marketable securities:			
Commercial paper	—	11,139,880	—
US treasury bonds	—	1,238,538	—
US government agency bonds	—	250,552	—
Total assets measured at fair value	6,300,291	13,628,300	—

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 March 31, 2026 and December 31, 2025:

	March 31, 2026			
	Amortized Cost	Unrealized gains	Unrealized losses	Fair Value
Commercial paper	$ 2,492,175	$ 95	$ —	$ 2,492,270
US treasury bonds	2,240,263	25	(328)	2,239,960
US government agency bonds	250,000	—	—	250,000
Total	$ 4,982,438	$ 120	$ (328)	$ 4,982,230

	December 31, 2025			
	Amortized Cost	Unrealized gains	Unrealized losses	Fair Value
Commercial paper	$ 11,134,856	$ 5,024	$ —	$ 11,139,880
US treasury bonds	1,237,794	744	—	1,238,538
US government agency bonds	250,504	48	—	250,552
Total	$ 12,623,154	$ 5,816	$ —	$ 12,628,970

There were no transfers among Level 1, Level 2 or Level 3 categories in the three months ended March 31, 2026 or year ended December 31, 2025.

5. Significant Agreements and Contracts

Vertex Option and License Agreement

In August 2012, the Company entered the Vertex Agreement 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 AD 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 a New Drug Application with the FDA for marketing approval of neflamapimod in the US, or a similar filing for a non-US 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 months ended March 31, 2026 and 2025.

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 DLB and, in August 2024, the Company was awarded an additional $0.3 million under the grant. The grant monies were expected to be received over a period of three years including $6.7 million in 2023, $8.4 million in 2024 and $6.2 million in 2025.

There was no revenue recognized from the NIA Grant for the three months ended March 31, 2026. The total revenue recognized from the NIA Grant was $1.9 million for the three months ended March 31, 2025. As of March 31, 2026, aggregate total cash funding of $20.9 million has been received from the NIA Grant. There is no further funding available under the NIA Grant and no receivable balance remaining as of March 31, 2026. During the three months ended March 31, 2026, the Company forfeited $0.2 million previously awarded under the NIA Grant due to underbilling on an agreement with a clinical trial site. As of December 31, 2025, $0.4 million was recorded as a receivable in the consolidated balance sheet for allowable expenses incurred during the year ended December 31, 2025.

During the year ended December 31, 2025, the Company received access to 98% of the year 3 funding provided for in the NIA Grant, due to then-current NIA policy. In January 2026, the Company was informed that it would not receive the final 2% of year 3 grant funding, or approximately $0.2 million, that remained unavailable as of December 31, 2025, as a result of agency-wide reductions in NIA funding.

6. Prepaid Expenses

Prepaid expenses consisted of the following:

	March 31, 2026	December 31, 2025
Clinical expenses	$ 830,944	$ 677,604
Insurance	245,366	405,795
Professional services	491,913	119,803
Dues and memberships	40,863	43,828
Other	86,255	19,975
Total	$ 1,695,341	$ 1,267,005

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2026	December 31, 2025
Employee compensation costs	$ 456,422	$ 1,061,766
Clinical development costs	834,412	1,484,318
Professional fees	800,079	532,076
State franchise and excise tax	50,456	40,456
Other	83,337	83,383
Total	$ 2,224,706	$ 3,201,999

8. Commitments and Contingencies

Operating Leases

The Company has a short-term lease for office space in Boston, Massachusetts. Lease expense was approximately $21,600 and $8,500 for the three months ended March 31, 2026 and 2025, 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 CDMOs to assist with CMC related activities. Expenditures to CROs and other CDMOs 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. There were total contributions under the 401(k) Plan of $0.2 million for each of the three-month periods ended March 31, 2026 and 2025.

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. On September 4, 2024, due to certain delays in discovery as a result of, among other things, plaintiff's counsel's health complications, the parties filed a joint stipulation to continue the trial and certain deadlines related thereto. On October 9, 2024, based on the parties' joint stipulation, the court entered an order continuing the trial date to April 30, 2025. On January 6, 2025, the Company filed a Motion for Summary Adjudication against plaintiff's claims for promissory fraud, negligent misrepresentation, and common counts. On February 21, 2025, the parties filed a joint stipulation to continue the trial and certain deadlines related thereto and, on March 12, 2025, the court entered an order continuing the trial date to November 26, 2025. On October 22, 2025, pursuant to an additional joint stipulation to continue the trial and certain deadlines related thereto filed by the parties, the court entered an order continuing the trial date to May 13, 2026. On March 24, 2026, pursuant to an additional joint stipulation to continue the trial and certain deadlines related thereto filed by the parties, the court entered an order continuing the trial date to October 7, 2026. On March 26, 2026, the court granted in part the Company's motion for summary judgment and dismissed certain of the plaintiff's asserted claims related to promissory fraud, negligent misrepresentation, breach of employment agreement, and violations of the California Labor Code.

The Company is defending itself vigorously against the claims alleged in this matter. 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 adverse effect on the Company's financial position, results of operations and cash flows.

9. Stockholders' Equity and Common Stock Warrants

Warrants

As of March 31, 2026, the Company had the following warrants outstanding to acquire shares of its common stock:

	Outstanding	Exercise price per share	Expiration dates
Historical EIP common stock warrants	43,618	$ 19.81	April 2028
Series A common stock warrants	2,532,285	$ 39.24	April 2027
	2,575,903		

May 2025 At-The-Market Offering Program

On May 12, 2025, the Company entered into the Sales Agreement with Leerink Partners LLC, as sales agent, pursuant to which the Company may offer and sell shares of common stock from time-to-time with an aggregate offering price of up to $50.0 million under an "at-the-market" offering program. During the year ended December 31, 2025, the Company sold 550,000 shares of common stock to an institutional investor in a block sale for proceeds of $4.7 million, net of $0.1 million of issuance costs. There was no activity related to the Sales Agreement during the three months ended March 31, 2026.

10. Stock-Based Compensation Expense

2015 Equity Plan

In June 2015, the Company's stockholders approved the 2015 Equity Plan, pursuant to which the Company previously issued incentive stock options, non-qualified stock options, stock grants, and other stock-based awards to employees, directors, and consultants, as specified in the 2015 Equity Plan and subject to applicable SEC and Nasdaq rules and regulations. The 2015 Equity Plan provided 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. On January 1, 2025, the number of shares available for future issuance under the 2015 Equity Plan increased by 348,109. As of March 31, 2026, the term of the 2015 Equity Plan had expired and no additional shares may be issued thereunder.

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 previously issued 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 had 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 March 31, 2026, there were no shares available for issuance.

Inducement Grants

During the year ended December 31, 2025, the Company granted stock options to purchase an aggregate of 129,000 shares of common stock as material inducements to the employment of two new employees, in each case, in accordance with Nasdaq Listing Rule 5635(c)(4). Each such inducement option has a term of ten years and vests over a 36-month period commencing on the last day of the month in which the grant date occurred (subject to each employee's continued employment with the Company). No such grants have been made during the three months ended March 31, 2026.

2025 Equity Plan

On April 14, 2025, the Board approved the 2025 Equity Plan, and the 2025 Equity Plan was subsequently approved by the Company's stockholders at its 2025 Annual Meeting of Stockholders on June 23, 2025. As of March 31, 2026, there were 435,900 shares available for future issuance under the 2025 Equity Plan.

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

	Three Months Ended March 31,	
	2026	**2025**
Research and development	$ 126,710	$ 123,702
General and administrative	222,486	237,465
Total stock-based compensation expense	$ 349,196	$ 361,167

The following table summarizes the activity related to all stock option grants for the three months ended March 31, 2026:

	Number of Options	Weighted average exercise price per share	Weighted average remaining contractual life (in years)	Aggregate intrinsic value
Balance at January 1, 2026	992,701	$ 11.76	8.0	
Granted	299,300	4.80		
Exercised	(6,000)	2.30		
Forfeited	(195)	5.33		
Outstanding at March 31, 2026	1,285,806	10.19	7.7	—
Exercisable at March 31, 2026	647,997	14.66	6.3	—

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:

	Three Months Ended March 31,	
	2026	2025
Expected term (in years)	5.75	5.76
Risk-free interest rate	3.83%	4.35%
Expected volatility	69.73%	76.68%
Dividend yield	—	—

At March 31, 2026, there was $2.3 million of unrecognized compensation expense that will be recognized over a weighted-average period of 2.2 years.

On April 14, 2025, the Board approved a separation agreement with the Company's former Chief Operating Officer, pursuant to which the executive's employment with the Company concluded effective July 1, 2025. Based on the terms of his separation agreement, unvested shares under previously granted option awards will continue to vest on the schedule provided for in the applicable option award agreement through September 30, 2026. The Company accounted for the change in vesting terms of his unvested stock options as an improbable-to-probable modification of his stock options and recognized $0.2 million of expense in relation to this modification during the year ended December 31, 2025. In addition, the exercise period for any shares under previously granted option awards vested as of April 14, 2025 was extended to September 30, 2026. The Company accounted for the change in exercise terms as probable-to-probable modification of his stock options and recognized $0.1 million of expense in relation to this modification during the year ended December 31, 2025. There was no expense recognized related to the modification during the three months ended March 31, 2026.

11. Segments

Operating segments are defined as components of an enterprise about which separate discrete information is available for evaluation by the CODM, or decision-making group, in deciding how to allocate resources in assessing performance. CervoMed Inc. has one reportable segment which consists of clinical trials and nonclinical studies related to the development of product candidates for treatments for age-related neurologic disorders and other medical indications. The Company's CODM is the Chief Executive Officer.

The accounting policies of the Company's single segment are the same as those described in the summary of significant accounting policies. To date, the Company has not generated any product revenue. The Company expects to continue to incur significant expenses and operating losses for the foreseeable future as it advances product candidates through all stages of development and clinical trials and, ultimately, seek regulatory approval. The CODM assesses the financial performance for the Company's segment based on net loss. The CODM also uses internal budget versus forecasted expense and cash forecast models in making certain decisions. Such models are reviewed to assess the entity-wide/single-segment operating results and performance, including how long cash-on-hand is expected to be sufficient. The measure of segment assets is reported on the consolidated balance sheet as total assets. The segment measure of loss is reported on the condensed consolidated interim statement of operations and comprehensive loss as net loss.

The table below summarizes the significant expense categories regularly reviewed by the CODM for the three months ended March 31, 2026 and 2025 (unaudited):

	Three Months Ended March 31,	
	2026	**2025**
Grant revenue	$ —	$ 1,917,491
Research and development expenses:		
Dementia with Lewy bodies	746,745	2,157,831
Frontotemporal disorders (incl. nfvPPA)	467,963	146,273
Recovery after stroke	308,951	252,542
Other clinical* and nonclinical	1,031,918	675,391
Personnel costs, excluding stock-based compensation	978,913	773,724
Stock-based compensation	126,710	123,702
Other research and development expenses, including CMC**	1,474,219	708,335
Total research and development expenses	5,135,419	4,837,798
General and administrative expenses:		
Personnel costs, excluding stock-based compensation	1,316,430	1,111,094
Stock-based compensation	222,486	237,465
Professional fees	1,102,801	729,570
Insurance, taxes and similar fees	214,764	219,586
Other general and administrative expenses, including IT, facilities, supplies and similar costs	118,624	84,862
Total general and administrative expenses	2,975,105	2,382,577
Other income	146,366	408,850
Net loss	$ (7,964,158)	$ (4,894,034)

* - Includes early-stage clinical studies that are not indication-specific and related costs.

** - Includes, among other things, CMC-related costs, shipping, packaging and storage costs, certain consulting costs, and other miscellaneous research development expenses.

12. 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 the disclosures in the condensed consolidated interim financial statements.

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

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."

Overview

We are a clinical-stage biotechnology company developing treatments for age-related brain disorders. Our lead drug candidate, neflamapimod, is an investigational, orally administered small-molecule drug that readily crosses the blood–brain barrier and selectively inhibits the enzyme p38α, a key driver of neuroinflammation and synaptic dysfunction. By targeting the critical disease processes underlying degenerative disorders of the brain, neflamapimod has the potential to reverse synaptic dysfunction, improve neuron health, and slow or prevent disease progression. Neflamapimod is currently in clinical development for the treatment of DLB, our lead indication, as well as nfvPPA, RAS, and ALS.

Our novel approach focuses on reducing the impact of neuroinflammation, which we believe is a key factor in the manifestation of degenerative diseases of the brain. Chronic activation of p38α in the brains of people with certain neurodegenerative diseases is believed to impair how neurons communicate through synapses. This synaptic dysfunction leads to deterioration of cognitive and motor abilities. Left untreated, synaptic dysfunction can result in irreversible 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 many major neurodegenerative disorders, including DLB, initially involves a protracted period of reversible functional loss, particularly with respect to the synapses. We believe that inhibiting p38α activity in the brain has the potential to reverse the clinical progression observed in the early-stages of certain neurodegenerative diseases, as well as slow further progression by delaying permanent synaptic dysfunction and neuron death, by interfering with key pathogenic drivers of disease.

We believe we are a leader in the industry in developing a treatment for DLB, a disease with no approved therapies in the US or European Union despite being the second most common progressive dementia. Neflamapimod is the only clinical drug candidate that, to our knowledge, has shown statistically significant improvements on clinical endpoints and a biomarker of neurodegeneration in both a Phase 2a and Phase 2b clinical trial. Differentiating our approach from potential competitors, we believe we are also the only company specifically targeting the treatment of DLB patients without AD co-pathology. While DLB patients with AD co-pathology generally have significant, irreversible neuronal loss, DLB without AD co-pathology is primarily a disease of functional deficits of synapses that we believe is more treatable. We believe if neflamapimod is given in the early stages of certain degenerative diseases of the brain like DLB without AD co-pathology, it may reverse synaptic dysfunction, improve neuron health and function, and slow further progression by delaying synaptic dysfunction and neuronal death. We believe this approach enhances the alignment of our development path with neflamapimod's mechanism of action, reduces the heterogeneity of our target patient population, and provides the opportunity to demonstrate heightened clinical effect in shorter duration trials.

Financial Summary

As of March 31, 2026, we had cash, cash equivalents, and marketable securities of approximately $12.9 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 March 31, 2026 was $105.7 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 $8.0 million and $4.9 million in the three months ended March 31, 2026 and 2025, respectively. We expect our expenses will increase in connection with our ongoing activities, as we:

- advance neflamapimod through clinical trials, including our planned Phase 3 trial in DLB, subject to available funding;
- 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 do not believe our existing cash, cash equivalents, and marketable securities on hand as of March 31, 2026, 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. The unaudited condensed consolidated interim financial statements appearing elsewhere in this Quarterly Report have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business and do not include any adjustments that might result from the outcome of this uncertainty.

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 and, in August 2024, we were awarded an additional $0.3 million under our NIA Grant. Funding from the NIA Grant was to be received in three annual installments and recognized as grant revenue as the qualifying expenses related thereto are incurred. There was no revenue recognized from the NIA Grant for the three months ended March 31, 2026. The total revenue recognized from the NIA Grant was $1.9 million for the three months ended March 31, 2025.

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 CDMOs;
- 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. 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 research and development activities related to developing neflamapimod such as conducting larger clinical trials, seeking regulatory approval and incurring expenses associated with hiring personnel to support other research and development 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 operating 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, additional insurance expenses, investor relations activities, and other administrative and professional services.

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 March 31, 2026 and 2025

The following table summarizes our results of operations:

	Three Months Ended March 31,			
	2026	**2025**	**$ Change**	**% Change**
Grant revenue	$ —	$ 1,917,491	$ (1,917,491)	(100)%
Operating expenses:				
Research and development	5,135,419	4,837,798	297,621	6%
General and administrative	2,975,105	2,382,577	592,528	25%
Total operating expenses	8,110,524	7,220,375	890,149	12%
Loss from operations	(8,110,524)	(5,302,884)	(2,807,640)	53%
Other income (expense):				
Other expense	(1,021)	(135)	(886)	(a)
Interest income	147,387	408,985	(261,598)	(64)%
Total other income, net	146,366	408,850	(262,484)	(64)%
Net loss	$ (7,964,158)	$ (4,894,034)	$ (3,070,124)	63%

*(a) Not meaningful

Net Loss

Our net loss was $8.0 million for the three months ended March 31, 2026, compared to $4.9 million in the prior year period. The aggregate increase of $3.1 million was primarily due to a $1.9 million decrease in grant revenue and a $0.9 million increase in total operating expenses, in each case, as further described below.

Grant Revenue

There was no revenue recognized from the NIA Grant for the three months ended March 31, 2026. The total revenue recognized from the NIA Grant was $1.9 million for the three months ended March 31, 2025. The decrease of $1.9 million was due to the completion of the RewinD-LB Trial in mid-2025 and, accordingly, there currently being no further funding available or expected under the NIA Grant.

Research and Development Expenses

The following table summarizes our research and development expenses for the three months ended March 31, 2026, and 2025:

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
Dementia with Lewy bodies	$ 746,745	$ 2,157,831	$ (1,411,086)	(65)%
Frontotemporal disorders (incl. nfvPPA)	467,963	146,273	321,690	220%
Recovery after stroke	308,951	252,542	56,409	22%
Other clinical* and nonclinical	1,031,918	675,391	356,527	53%
Personnel costs, excluding stock-based compensation	978,913	773,724	205,189	27%
Stock-based compensation	126,710	123,702	3,008	2%
Other research and development expenses, including CMC	1,474,219	708,335	765,884	108%
Total research and development expenses	$ 5,135,419	$ 4,837,798	$ 297,621	6%

* Includes early-stage clinical studies that are not indication-specific and related costs.

Research and development expenses were $5.1 million for the three months ended March 31, 2026, compared to $4.8 million for the three months ended March 31, 2025. The aggregate $0.3 million increase in research and development expenses was primarily due to increases of $0.8 million in other research and development costs and $0.4 million in other clinical and nonclinical costs, driven, in each case, by increased CMC and other activities to develop and evaluate a stable crystal form of neflamapimod and new, controlled manufacturing process, as well as increases of $0.3 million in costs related to FTD, as we continued to progress our Phase 2a trial in nfvPPA, and $0.2 million in personnel costs, driven by higher headcount and outsourced consulting costs. These increases were offset by $1.4 million decrease in costs related to our DLB program – including our recently completed RewinD-LB Trial.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the three months ended March 31, 2026, and 2025:

	Three Months Ended March 31,			
	2026	2025	$ Change	% Change
Personnel costs, excluding stock-based compensation	1,316,430	1,111,094	$ 205,336	18%
Stock-based compensation	222,486	237,465	(14,979)	(6)%
Professional fees	1,102,801	729,570	373,231	51%
Insurance, taxes and similar fees	214,764	219,586	(4,822)	(2)%
Other general and administrative expenses, including IT, facilities, supplies and similar costs	118,624	84,862	33,762	40%
Total general and administrative expenses	$ 2,975,105	$ 2,382,577	$ 592,528	25%

General and administrative expenses were $3.0 million for the three months ended March 31, 2026, compared to $2.4 million for the three months ended March 31, 2025. The aggregate increase of $0.6 million was primarily due to a $0.4 million increase in professional fees, driven by legal expenses and consulting expenses, and a $0.2 million increase in personnel costs, primarily driven by increased headcount.

Other Expense

There was a *de minimis* amount of other expenses for the three months ended March 31, 2026 and 2025.

Interest income

Interest income was $0.1 million for the three months ended March 31, 2026, compared to $0.4 million for the three months ended March 31, 2025. The decrease of $0.3 million was primarily due to change in returns on investments driven by a lower investment balance due to cash used for operations.

Liquidity and Capital Resources

Capital Requirements

From the date of our inception through March 31, 2026, our operations have primarily been financed through the issuance of common stock, convertible preferred stock and convertible debt financings. As of March 31, 2026, we had approximately $12.9 million of cash, cash equivalents, and marketable securities. We have not generated positive cash flows from operations and as of March 31, 2026, we had an accumulated deficit of approximately $105.7 million. In January 2023, we were awarded a $21.0 million grant from the NIA to support the RewinD-LB Trial, which was expected to be received over a three-year period. In August 2024, we received an additional $0.3 million from the NIA. As of March 31, 2026, aggregate total cash funding of $20.9 million has been received from the NIA Grant. There is no further funding available under this grant and no receivable balance remaining as of March 31, 2026. During the three months ended March 31, 2026, we forfeited $0.2 million previously awarded under the NIA Grant due to underbilling on an agreement with a clinical trial site. During the year ended December 31, 2025, we received access to 98% of the year 3 funding provided for in the NIA Grant, due to then-current NIA policy. In January 2026, we were informed that we would not receive the final 2% of year 3 grant funding, or approximately $0.2 million, that remained unavailable as of December 31, 2025, as a result of agency-wide reductions in NIA funding.

On May 12, 2025, we entered into the Sales Agreement with Leerink Partners LLC, as sales agent, pursuant to which we may offer and sell shares of common stock from time-to-time with an aggregate offering price of up to $50.0 million under an “at-the-market" offering program. In June 2025, we sold 550,000 shares of common stock to an institutional investor in a block sale for proceeds of $4.7 million, net of $0.1 million of issuance costs. There was no activity related to the Sales Agreement in the three months ended March 31, 2026.

Our primary uses of cash are to fund our operations, which consist primarily of research and development expenditures related to our programs and, to a lesser extent, general and administrative expenditures. 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. Our primary uses of capital are, and we expect will continue to be, 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.

Based on our current operating plan, we do not believe our existing cash, cash equivalents, and marketable securities on hand as of March 31, 2026, 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. Accordingly, substantial doubt exists about our ability to continue as a going concern within one year after the date the unaudited condensed consolidated interim financial statements included elsewhere in this Quarterly Report are issued. The accompanying unaudited interim condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The unaudited interim condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. 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, royalty arrangements, or other dilutive or non-dilutive capital sources, including potential collaborations, licenses and/or 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 enrollment, progress, timing, costs and results of our clinical trials and other development activities for neflamapimod;
- 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 as the increased costs of internal and external resources 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

	Three Months Ended March 31,	
	2026	**2025**
Net cash used in operating activities	$ (8,018,338)	$ (3,894,359)
Net cash provided by investing activities	7,710,820	5,396,577
Net cash provided by financing activities	13,800	—
Net (decrease) increase in cash and cash equivalents	$ (293,718)	$ 1,502,218

Operating Activities

For the three months ended March 31, 2026, cash used in operating activities was $8.0 million. The net cash outflow from operations primarily resulted from net loss of $8.0 million, accretion of discount on marketable securities of $0.1 million, and changes in operating assets and liabilities of $0.3 million, partially offset by a non-cash expense of $0.3 million for stock-based compensation.

For the three months ended March 31, 2025, cash used in operating activities was $3.9 million. The net cash outflow from operations primarily resulted from net loss of $4.9 million and accretion of discount on marketable securities of $0.3 million, partially offset by changes in operating assets and liabilities of $0.9 million and by a non-cash expense of $0.4 million for stock-based compensation.

Investing Activities

For the three months ended March 31, 2026, cash provided by investing activities was $7.7 million due to the maturities of marketable securities, partially offset by the purchase of marketable securities.

For the three months ended March 31, 2025, cash provided by investing activities was $5.4 million due to the maturities of marketable securities, partially offset by the purchase of marketable securities.

Financing Activities

For the three months ended March 31, 2026, cash provided by financing activities was $13,800 due to proceeds from the cash exercise of employee stock options.

We did not have any cash provided by or used in financing activities for the three months ended March 31, 2025.

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 three months ended March 31, 2026, 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 Securities Act and Rule 12b-2 of the Exchange Act, 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-15(e) 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 effective as of March 31, 2026.

Change in Internal Control Over Financial Reporting

Remediation of Previously Identified Material Weakness

In connection with the audit of our consolidated financial statements for the years ended December 31, 2024, 2023, and 2022, a material weakness in our internal control over financial reporting was identified in relation to 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 consolidated financial statements would not be prevented or detected on a timely basis. The identified material weakness, if not remediated, could result in a material misstatement to our 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 our financial statement and results of operations for such periods. While Diffusion was previously subject to the provisions of the Sarbanes-Oxley Act of 2002, 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 continued to implement measures designed to improve our internal control over financial reporting to remediate the remaining material weakness through the year ended December 31, 2025. During the three-month period ended December 31, 2025, we completed our remediation plan with respect to the material weakness.

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 March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Please refer to *Note 8, 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

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended March 31, 2026, 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
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.

* 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: May [15], 2026

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

Date: May [15], 2026

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

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: May 15, 2026

/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: May 15, 2026

/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 March 31, 2026 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: May 15, 2026

/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 March 31, 2026 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: May 15, 2026

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