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 September 30, 2025

☐ **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 November 5, 2025 was 9,252,719 shares.

CervoMed Inc.

INTRODUCTORY NOTES

Note Regarding Company References and Other Defined Terms

As previously disclosed in our Current Report on Form 8-K filed on August 17, 2023 with the SEC, on August 16, 2023, the Delaware corporation formerly known as "Diffusion Pharmaceuticals Inc." completed a merger transaction in accordance with the terms and conditions of the Agreement and Plan of Merger, dated March 30, 2023 (the "Merger Agreement"), by and among Diffusion Pharmaceuticals Inc. ("Diffusion"), Dawn Merger Sub Inc., a wholly-owned subsidiary of Diffusion ("Merger Sub") and EIP Pharma, Inc. ("EIP"), pursuant to which Merger Sub merged with and into EIP, with EIP surviving the Merger a wholly-owned subsidiary of Diffusion (the "Merger"). Additionally, on August 16, 2023, Diffusion changed its name from "Diffusion Pharmaceuticals Inc." to "CervoMed Inc."

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

Accordingly, unless the context otherwise requires, all references in this Quarterly Report to "CervoMed," the "Company," "we," "our," or "us," refer to the business of EIP for all dates and periods prior to August 16, 2023, and to the business of CervoMed for all dates and periods subsequent to (and including) August 16, 2023.

We have also used several other defined terms in this Quarterly Report on Form 10-Q (the "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
2024 Private Placement	our private placement of an aggregate of 2,532,285 units, each consisting of (i) (A) one share of common stock or (B) one Pre-Funded Warrant in lieu thereof and (ii) one Series A Warrant, for aggregate gross proceeds of up to approximately $149.4 million, completed on April 1, 2024
401(k) Plan	CervoMed Inc. 401(k) Defined Contribution Plan
AD	Alzheimer's Disease
Annual Report	our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on March 17, 2025
ADCS-CGIC	Alzheimer's Disease Cooperative Study — Clinical Global Impression of Change
ASC	Accounting Standard Codification of the FASB
ASU 2023-09	ASU No. 2023-09, Income Taxes (Topic 740): "Improvements to Income Tax Disclosures"
AscenD-LB Trial	our Phase 2a clinical trial evaluating neflamapimod for the treatment of patients with DLB, completed in the second half of 2021
ASU	Accounting Standards Update
Batch A	the batch of neflamapimod drug product capsules manufactured in October 2020 and administered for the Initial Phase of the RewinD-LB Trial and a portion of the Extension that did not achieve mean target plasma drug concentrations, also referred to as the "Old Capsules"
Batch B	the batch of neflamapimod drug product capsules manufactured in March 2023 and administered for the majority of the RewinD-LB Trial Extension phase that achieved mean target plasma drug concentrations, also referred to as the "New Capsules"

BFC	basal forebrain cholinergic
Board	the board of directors of the Company
CDMO	contract development and manufacturing organization
CDR-SB	Clinical Dementia Rating Sum of Boxes test
CMC	chemistry, manufacturing and controls
CODM	chief operating decision maker
common stock	the Company's common stock, par value $0.001 per share
CRO	contract research organization
DLB	dementia with Lewy bodies
EIP Common Stock	the common stock, par value $0.001, of EIP issued and outstanding prior to the Merger
Exchange Act	Securities Exchange Act of 1934, as amended
Extension or Extension Phase	with respect to the RewinD-LB Trial, the 32-week extension phase of the trial from which 16-week results were reported in March 2025
FASB	Financial Accounting Standards Board
FDA	U.S. Food and Drug Administration
FTD	frontotemporal dementia
GFAP	glial fibrillary acidic protein
Initial Phase	with respect to the RewinD-LB Trial, the initial 16-week double-blind, placebo controlled phase of the trial from which topline results were reported in December 2024
IT	information technology
Nasdaq	the Nasdaq Stock Market LLC
NDA	New Drug Application
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
NIH	National Institutes of Health
p38α	p38 mitogen-activated protein kinase alpha
plasma ptau181	plasma phosphorylated tau at position 181. Prior to October 2025, the Company historically reported plasma ptau181 levels based on the scale associated with the Quanterix Simoa ptau181 Advantage v2.0 assay kit, which was utilized in the AscenD-LB Trial. In this Quarterly Report, the Company reports plasma ptau181 levels based on the scale associated with the current Quanterix Simoa ptau181 Advantage v2.1 assay kit, which was utilized in the RewinD-LB trial. Quantitative values on the v2.1 scale are approximately ten-fold higher than the corresponding values on the v2.0 scale.
PPA	primary progressive aphasia
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
Pure DLB	DLB with low likelihood of AD co-pathology
Regulation S-K	Regulation S-K promulgated under the Securities Act
RESTORE Trial	our ongoing Phase 2a clinical trial evaluating neflamapimod for the treatment of patients recovering from ischemic stroke, which the Company initiated in the second quarter of 2025
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 the 2024 Private Placement
U.S.	United States of America
U.S. GAAP	U.S. generally accepted accounting principles
Vertex	Vertex Pharmaceuticals Incorporated
Vertex Agreement	the Option and License Agreement, dated as of August 27, 2012, by and between EIP Pharma LLC and Vertex, as amended

Note Regarding Forward-Looking Statements

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

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

- our cash balances and our ability to obtain additional financing in the future and continue as a going concern;
- the success and timing of our ongoing and planned clinical trials and preclinical studies, including our ability to enroll participants in our studies at anticipated rates and our ability to manufacture an adequate amount of drug supply for our studies;
- obtaining and maintaining intellectual property protection for our current or future product candidates and our proprietary technology;
- the performance of third parties, including 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;
- our ability to remediate our previously disclosed material weaknesses in our internal controls over financial reporting in a timely manner;
- recently enacted and future legislation related to the healthcare system;
- other regulatory developments in the U.S., European Union, and other foreign jurisdictions;
- our ability to satisfy the continued listing requirements of the Nasdaq or any other exchange on which our securities may trade in the future;
- uncertainties related to general economic, political, business, industry, and market conditions, including the continued availability of funding for the NIA to support disbursements under our previously received grant 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)

	September 30, 2025	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 9,437,400	$ 8,999,496
Marketable securities	17,856,688	29,922,523
Prepaid expenses and other current assets	1,685,972	1,905,360
Deferred offering costs	269,331	—
Grant receivable	1,361,387	2,254,231
Total current assets	30,610,778	43,081,610
Total assets	$ 30,610,778	$ 43,081,610
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,349,219	$ 1,511,440
Accrued expenses and other current liabilities	3,250,095	2,367,842
Total liabilities	4,599,314	3,879,282
Commitments and Contingencies (Note 8)		
Stockholders' Equity:		
Series A preferred stock $0.001 par value: 30,000,000 authorized at September 30, 2025 and December 31, 2024, 0 shares issued and outstanding at September 30, 2025 and December 31, 2024	—	—
Common stock, $0.001 par value: 1,000,000,000 shares authorized at September 30, 2025 and December 31, 2024: 9,252,719 and 8,702,719 shares issued and outstanding at September 30, 2025 and December 31, 2024, respectively	9,252	8,702
Additional paid-in capital	115,606,949	109,868,913
Accumulated other comprehensive income	5,824	56,197
Accumulated deficit	(89,610,561)	(70,731,484)
Total stockholders' equity	26,011,464	39,202,328
Total liabilities and stockholders' equity	$ 30,610,778	$ 43,081,610

See accompanying notes to unaudited condensed consolidated interim financial statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	**2024**	**2025**	**2024**
Grant revenue	$ 322,569	$ 1,939,751	$ 3,997,784	$ 7,575,972
Operating expenses:				
Research and development	6,040,442	5,125,097	15,986,865	11,711,746
General and administrative	2,326,326	2,210,927	7,974,277	6,850,536
Total operating expenses	8,366,768	7,336,024	23,961,142	18,562,282
Loss from operations	(8,044,199)	(5,396,273)	(19,963,358)	(10,986,310)
Other income (expense):				
Other expense	(1,227)	(3,440)	(11,618)	(3,717)
Interest income	318,787	646,172	1,095,899	1,405,246
Total other income, net	317,560	642,732	1,084,281	1,401,529
Net loss	$ (7,726,639)	$ (4,753,541)	$ (18,879,077)	$ (9,584,781)
Per share information:				
Net loss per share of common stock, basic and diluted	$ (0.84)	$ (0.55)	$ (2.10)	$ (1.22)
Weighted average shares outstanding, basic and diluted	9,252,719	8,702,764	8,970,668	7,861,757
Net loss:				
Net unrealized gain (loss) on marketable securities	6,607	142,864	(50,373)	123,162
Total comprehensive loss	$ (7,720,032)	$ (4,610,677)	$ (18,929,450)	$ (9,461,619)

See accompanying notes to unaudited condensed consolidated interim financial statements

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

	Three Month Period Ended September 30, 2025					
	Common Stock		Additional Paid-in Capital	Accumulated other comprehensive (loss) income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2025	9,252,719	$ 9,252	$ 115,315,232	$ (783)	$ (81,883,922)	$ 33,439,779
Unrealized gain on marketable securities	—	—	—	6,607	—	6,607
Stock-based compensation expense	—	—	291,717	—	—	291,717
Net loss	—	—	—	—	(7,726,639)	(7,726,639)
Balance at September 30, 2025	9,252,719	$ 9,252	$ 115,606,949	$ 5,824	$ (89,610,561)	$ 26,011,464

	Nine Month Period Ended September 30, 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 loss on marketable securities	—	—	—	(50,373)	—	(50,373)
Stock-based compensation expense	—	—	1,149,899	—	—	1,149,899
Sale of common stock, net of issuance costs	550,000	550	4,588,137	—	—	4,588,687
Net loss	—	—	—	—	(18,879,077)	(18,879,077)
Balance at September 30, 2025	9,252,719	$ 9,252	$ 115,606,949	$ 5,824	$ (89,610,561)	$ 26,011,464

	Three Month Period Ended September 30, 2024					
	Common Stock		Additional Paid-in Capital	Accumulated other comprehensive (loss) income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2024	8,253,741	$ 8,253	$ 109,260,436	$ (19,702)	$ (59,272,029)	$ 49,976,958
Stock-based compensation expense	—	—	271,215	—	—	271,215
Unrealized gain on marketable securities	—	—	—	142,864	—	142,864
Net loss	—	—	—	—	(4,753,541)	(4,753,541)
Balance at September 30, 2024	8,253,741	$ 8,253	$ 109,531,651	$ 123,162	$ (64,025,570)	$ 45,637,496

	Nine Month Period Ended September 30, 2024					
	Common Stock		Additional Paid-in Capital	Accumulated other comprehensive (loss) income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2023	5,674,520	$ 5,674	$ 61,811,889	$ —	$ (54,440,789)	$ 7,376,774
Issuance of common stock, pre-funded warrants and common stock warrants, net of offering costs	2,083,262	2,083	46,396,523	—	—	46,398,606
Stock options granted in lieu of compensation	—	—	255,724	—	—	255,724
Cashless exercise of pre-funded warrants	495,959	496	(496)	—	—	—
Stock-based compensation expense	—	—	1,068,011	—	—	1,068,011
Unrealized loss on marketable securities	—	—	—	123,162	—	123,162
Net loss	—	—	—	—	(9,584,781)	(9,584,781)
Balance at September 30, 2024	8,253,741	$ 8,253	$ 109,531,651	$ 123,162	$ (64,025,570)	$ 45,637,496

See accompanying notes to unaudited condensed consolidated interim financial statements

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

	Nine Months Ended September 30,	
	2025	**2024**
Cash flows from operating activities:		
Net loss	$ (18,879,077)	$ (9,584,781)
Adjustments to reconcile net loss to net cash used in operating activities:		
Accretion of discount on marketable securities, net	(708,019)	(822,198)
Stock-based compensation expense	1,149,899	1,068,011
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	219,388	(698,545)
Deferred offering costs	(269,331)	—
Accounts payable	(162,221)	419,964
Accrued expenses and other current liabilities	882,253	486,384
Grant receivable	892,844	651,256
Net cash used in operating activities	(16,874,264)	(8,479,909)
Cash flows from investing activities:		
Purchase of marketable securities	(20,776,519)	(44,467,876)
Maturities of marketable securities	33,500,000	6,500,000
Net cash provided by (used in) investing activities	12,723,481	(37,967,876)
Cash flows from financing activities:		
Proceeds from the sale of common stock, prefunded warrants and common stock warrants, net of offering costs	—	46,398,606
Sale of common stock under At-the-Market Sales Agreement, net of issuance costs	4,588,687	—
Net cash provided by financing activities	4,588,687	46,398,606
Net increase (decrease) in cash and cash equivalents	437,904	(49,179)
Cash and cash equivalents at beginning of period	8,999,496	7,792,846
Cash and cash equivalents at end of period	$ 9,437,400	$ 7,743,667
Supplemental disclosure of non-cash investing and financing activities:		
Stock options granted in lieu of cash bonus	$ —	$ 255,724
Cashless exercise of prefunded warrants	$ —	$ 496

See accompanying notes to unaudited condensed consolidated interim financial statements

1. The Company and Description of Business

The Company is a corporation organized under the laws of the state of Delaware and headquartered in Boston, Massachusetts. The Company is a clinical-stage biotechnology company developing treatments for age-related 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, Capital Resources and Risks and Uncertainties

Liquidity and Capital Resources

The Company has $27.3 million of cash, cash equivalents, and marketable securities as of September 30, 2025, has generated negative cash flows from operations and had an accumulated deficit of $89.6 million as of September 30, 2025. 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 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 and based on its current operating plan, the Company does not believe its existing cash and cash equivalents and marketable securities on hand of $27.3 million as of September 30, 2025, 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 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.

Risks and Uncertainties

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

3. Summary of Significant Accounting Policies

Basis of presentation

The unaudited condensed consolidated interim financial statements have been prepared in conformity with U.S. 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 U.S. 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 U.S. 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, 2024, 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 U.S. 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 and 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 U.S. 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, are stated at fair value. There are *de minimis* unrealized losses on the money market funds for the period ended September 30, 2025.

Marketable Securities

The Company classifies its marketable securities as available-for-sale, which include commercial paper, U.S. 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 and nine months ended September 30, 2025 and 2024. There was no allowance for credit losses as of September 30, 2025 or December 31, 2024.

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 September 30, 2025, there were $0.3 million of deferred offering costs related to the Sales Agreement. There were no deferred offering costs as of December 31, 2024, as the Sales Agreement was entered into in May 2025.

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

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

Patent Costs

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

Stock-based Compensation

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

The fair value of stock options is determined by the Company using the methods and assumptions discussed below. Each of these inputs is subjective and generally requires 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 U.S. Treasury yield curve in effect at the date of grant for zero-coupon U.S. Treasury notes with maturities approximately equal to the expected term.

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

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 interim condensed consolidated balance sheets as grant receivable. Amounts received in advance of services rendered are recorded as deferred grant revenue on the Company's unaudited interim condensed consolidated balance sheets. The related costs incurred by the Company are included in research and development expense in the Company's unaudited interim condensed consolidated statements of operations and comprehensive loss.

Income Taxes

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

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

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

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

Net Loss Per Share

Basic net loss per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during each period. 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:

	September 30,	
	2025	**2024**
Common stock warrants	2,601,671	2,633,868
Stock options	995,374	533,159
	3,597,045	3,167,027

Segments

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This amended guidance applies to all public entities and aims to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses, to enable investors to develop more decision-useful financial analyses. This guidance is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company adopted this ASU on January 1, 2024.

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 the development of clinical and preclinical 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 unaudited interim condensed consolidated 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 and nine months ended September 30, 2025 and 2024 (unaudited):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Grant revenue	$ 322,569	$ 1,939,751	$ 3,997,784	$ 7,575,972
Research and development expenses:				
Dementia with Lewy bodies	1,680,922	3,317,345	5,866,430	8,753,991
Frontotemporal dementia	313,438	2,581	846,664	2,581
Recovery after stroke	396,635	112,759	952,338	112,759
Other clinical* and preclinical	485,586	541,125	1,505,726	542,932
Personnel costs, excluding stock-based compensation	1,767,086	643,024	4,060,722	1,235,556
Stock-based compensation	133,169	42,224	378,029	146,358
Other research and development expenses, including CMC**	1,263,606	466,039	2,376,956	917,569
Total research and development expenses	6,040,442	5,125,097	15,986,865	11,711,746
General and administrative expenses:				
Personnel costs, excluding stock-based compensation	1,087,467	1,168,151	3,797,765	2,968,276
Stock-based compensation	158,548	22,050	771,869	921,653
Professional fees	711,307	707,725	2,053,984	2,049,828
Insurance, taxes and similar fees	258,032	241,123	917,616	709,178
Other general and administrative expenses, including IT, facilities, supplies and similar costs***	110,972	71,878	433,043	201,601
Total general and administrative expenses	2,326,326	2,210,927	7,974,277	6,850,536
Other income	317,560	642,732	1,084,281	1,401,529
Net loss	$ (7,726,639)	$ (4,753,541)	$ (18,879,077)	$ (9,584,781)

* - 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.

*** - Includes, among other things, costs related to IT systems, rent and other facilities, office supplies, and similar costs

Recently Issued But Not Yet Adopted Accounting Pronouncements and Legislation

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

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 unaudited interim condensed consolidated financial statements and disclosures.

On July 4, 2025, the U.S. government enacted H.R. 1, formerly known as The One Big Beautiful Bill Act of 2025 which includes, among other provisions, changes to the U.S. corporate income tax system including the allowance of immediate expensing of qualifying research and development expenses and permanent extensions of certain provisions within the Tax Cuts and Jobs Act. The Company is still analyzing the effect of H.R. 1 on the unaudited interim condensed consolidated financial statements.

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, 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:

	September 30, 2025		
	(Level 1)	(Level 2)	(Level 3)
Assets			
Cash equivalents (money market accounts)	$ 8,822,414	$ —	$ —
Marketable securities:			
Commercial paper	—	16,359,643	—
Corporate debt securities	—	1,497,045	—
Total assets measured at fair value	$ 8,822,414	$ 17,856,688	$ —

	December 31, 2024		
	(Level 1)	(Level 2)	(Level 3)
Assets			
Cash equivalents (money market accounts)	$ 7,559,336	$ —	$ —
Marketable securities:			
Commercial paper	—	18,032,943	—
U.S. treasury bonds	—	7,951,060	—
U.S. government agency bonds	—	3,938,520	—
Total assets measured at fair value	$ 7,559,336	$ 29,922,523	$ —

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 September 30, 2025 and December 31, 2024:

	September 30, 2025			
	Amortized Cost	Unrealized gains	Unrealized losses	Fair Value
Commercial paper	$ 16,353,393	$ 6,250	$ —	$ 16,359,643
Corporate debt securities	1,497,471	—	(426)	1,497,045
Total	$ 17,850,864	$ 6,250	$ (426)	$ 17,856,688

	December 31, 2024			
	Amortized Cost	Unrealized gains	Unrealized losses	Fair Value
Commercial paper	$ 18,019,334	$ 16,393	$ (2,784)	$ 18,032,943
U.S. treasury bonds	7,920,620	30,440	—	7,951,060
U.S. government agency bonds	3,926,372	12,148	—	3,938,520
Total	$ 29,866,326	$ 58,981	$ (2,784)	$ 29,922,523

There were no transfers among Level 1, Level 2 or Level 3 categories in the three and nine months ended September 30, 2025 or the year ended December 31, 2024.

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 an NDA with the FDA for marketing approval of neflamapimod in the U.S., or a similar filing for a non-U.S. major market, as specified in the Vertex Agreement, and such royalties will be on a sliding scale of percentages of net sales in the low- to mid-teens, depending on the amount of net sales in the applicable years. The Company is also obligated to make a milestone payment to Vertex upon net sales reaching a certain specified amount in any 12-month period. The Vertex Agreement states that royalties will be reduced by 50% during any portion of the royalty term when there is no valid claim of an issued patent within specified patent rights covering the licensed product. The Company also has the right to deduct, on a country by country basis, from royalties otherwise payable to Vertex under the terms of the Vertex Agreement, 50% of all royalties, upfront fees, milestones and other payments paid by the Company or any of the Company's affiliates or sublicensees to third parties under licenses that are necessary for the development, manufacture, sale or use of a licensed product, provided that in no event will the royalty payable to Vertex be reduced to less than 50% of the rates specified in the Vertex Agreement, subject to certain adjustments specified therein. The Company has made a total of $100,000 in payments to Vertex related to the Vertex Agreement. No payments were made during the three and nine months ended September 30, 2025 and 2024.

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 are 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.

The total revenue recognized from the NIA Grant was $4.0 million and $7.6 million for the nine months ended September 30, 2025 and 2024, respectively. The total revenue recognized from the NIA Grant was $0.3 million and $1.9 million for the three months ended September 30, 2025 and 2024, respectively. As of September 30, 2025, aggregate total cash funding of $19.5 million has been received from the NIA Grant, resulting in approximately $1.6 million in funding remaining (or $1.8 million if the final 2% of current year funding described below is received). The Company has recorded $1.4 million as a receivable in the unaudited interim condensed consolidated balance sheet at September 30, 2025, for allowable expenses incurred prior to September 30, 2025, which is expected to be received subsequent to September 30, 2025. As of December 31, 2024, $2.3 million was recorded as a receivable in the consolidated balance sheet, for allowable expenses incurred during the year ended December 31, 2024.

The Company received access to the current year 3 funding in the amount of $5.6 million in March 2025. In June 2025, the Company received access to an additional $0.5 million. The total $6.1 million access received in 2025 was 98% of the full year 3 amount provided for in the NIA Grant due to current NIA policy as a result of the U.S. government currently being funded on the basis of a continuing resolution. The timing of the Company's receipt of the remaining 2% of the grant of current year funding, if any, is dependent upon and subject to U.S. congressional approval of a final appropriations bill, which remains subject to ongoing uncertainty. Accordingly, as of September 30, 2025, the Company determined that the receipt of the remaining 2% of funding is not probable and will not account for the remaining 2% of funding unless and until received.

6. Prepaid Expenses

Prepaid expenses consisted of the following:

	September 30, 2025	December 31, 2024
Clinical expenses	$ 947,444	$ 1,149,343
Insurance	560,504	443,141
Professional services	59,133	95,218
Dues and memberships	69,085	11,777
Other	49,806	205,881
Total	$ 1,685,972	$ 1,905,360

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	September 30, 2025	December 31, 2024
Employee compensation costs	$ 1,012,184	$ 803,193
Clinical development costs	1,632,775	1,158,783
Professional fees	480,444	249,527
State franchise and excise tax	30,456	40,456
Other	94,236	115,883
Total	$ 3,250,095	$ 2,367,842

8. Commitments and Contingencies

Operating Leases

The Company has a short-term lease for office space in Boston, Massachusetts and previously had a short-term agreement to utilize membership-based co-working space in Charlottesville, Virginia, the latter of which was terminated during the three months ended March 31, 2024. Lease expense was approximately $35,860 and $26,292 for the nine months ended September 30, 2025 and 2024, respectively. For the three months ended September 30, 2025 and 2024, lease expense was approximately $16,200 and $8,400, 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 employer contributions under the 401(k) Plan of $0.3 million and $0.1 million for the nine months ended September 30, 2025 and 2024, respectively. There were total contributions under the 401(k) Plan of $0.1 million and $49,135 for the three months ended September 30, 2025 and 2024, respectively.

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.

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

April 2024 Private Placement

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

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

Warrants

As of September 30, 2025, the Company had the following warrants outstanding to acquire shares of its common stock:

	Outstanding	Range of exercise price per share	Expiration dates
Historical Diffusion common stock warrants	25,768	$44.55 - $96.12	November 2025 through February 2026
Historical EIP common stock warrants	43,618	$19.81	April 2028
Series A common stock warrants	2,532,285	$39.24	April 2027
	2,601,671		

February 2024 Pre-Funded Warrant Exercise

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

December 2024 Pre-Funded Warrant Exercise

On December 11, 2024, 449,023 Pre-Funded Warrants to purchase common stock issued in connection with the closing of the 2024 Private Placement were exercised in full by the holder thereof pursuant to the cashless exercise provision of the Pre-Funded Warrants. Upon exercise, 45 shares were withheld in lieu of a cash payment of the exercise price and the holder was issued 448,978 shares of common stock.

May 2025 At-The-Market Offering

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 nine months ended September 30, 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 during the three months ended September 30, 2025.

10. Stock-Based Compensation Expense

2015 Equity Plan

The 2015 Equity Plan provides for increases to the number of shares reserved for issuance thereunder each January 1 equal to 4.0% of the total shares of the Company’s common stock outstanding as of the immediately preceding December 31, unless a lesser amount is stipulated by the Compensation Committee of the Company’s Board. On January 1, 2025, the number of shares available for future issuance under the 2015 Equity Plan increased by 348,109. As of September 30, 2025, the term of the 2015 Equity Plan had expired and no additional shares will 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 may issue incentive stock options, non-qualified stock options, stock grants, and other stock-based awards to employees, directors, and consultants, as specified in the 2018 Plan and subject to applicable SEC and Nasdaq rules and regulations. The Board has the authority to determine to whom options or stock will be granted, the number of shares, the term, and the exercise price. Options granted under the 2018 Plan have a term of up to ten years and generally vest over a four-year period with 25% of the options vesting after one-year of service and the remainder vesting monthly thereafter. As of September 30, 2025, there were no shares available for issuance.

Inducement Grants

During the year ended December 31, 2024, the Company granted stock options to purchase an aggregate of 71,712 shares of common stock as material inducements to the employment of five 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 the employee's continued employment with the Company).

In June 2025, the Company granted a stock option to purchase an aggregate of 54,000 shares of common stock as material inducements to the employment of a new employee in accordance with Nasdaq Listing Rule 5635(c)(4). The 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 the employee's continued employment with the Company).

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 September 30, 2025, there were 751,400 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 September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Research and development	$ 133,169	$ 42,224	$ 378,030	$ 146,358
General and administrative	158,548	228,991	771,869	921,653
Total stock-based compensation expense	$ 291,717	$ 271,215	$ 1,149,899	$ 1,068,011

The following table summarizes the activity related to all stock option grants for the nine months ended September 30, 2025:

	Number of Options	Weighted average exercise price per share	Weighted average remaining contractual life (in years)	Aggregate intrinsic value
Balance at January 1, 2025	636,802	$ 19.38	7.6	
Granted	375,400	3.63		
Expired	(16,828)	60.14		
Outstanding at September 30, 2025	995,374	$ 12.75	7.1	—
Exercisable at September 30, 2025	536,826	$ 18.38	5.9	—

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:

	Nine Months Ended September 30,	
	2025	**2024**
Expected term (in years)	5.24 - 5.76	5.25 - 5.76
Risk-free interest rate	3.93 - 4.35%	4.06 - 4.46%
Expected volatility	71.55 - 76.68%	76.87 - 80.03%
Dividend yield	—	—

At September 30, 2025, there was $1.5 million of unrecognized compensation expense that will be recognized over a weighted-average period of 1.9 years.

During the nine months ended September 30, 2024, the Company granted 39,721 options in lieu of 2023 executive bonus compensation. No similar event occurred during the three or nine months ended September 30, 2025.

Effective May 31, 2024, the Company separated from its former Chief Financial Officer. 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, 2025. The Company accounted for the change in vesting terms as an improbable-to-probable modification of his stock options and recognized $0.3 million of expense in relation to this modification during the nine months ended September 30, 2024. In addition, the exercise period for any shares under previously granted option awards vested as of May 31, 2024 was extended to September 30, 2025. The Company accounted for the change in exercise terms as a probable-to-probable modification of his stock options and recognized $12,000 of expense in relation to this modification during the nine months ended September 30, 2024. There was no expense recognized related to the modification during the three months ended September 30, 2024

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 nine months ended September 30, 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 nine months ended September 30, 2025. There was no expense recognized related to the modification during the three months ended September 30, 2025.

11. 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 OPERATION

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

Overview

We are a clinical-stage biotechnology company developing treatments for age-related brain disorders. Our 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. We recently completed our RewinD-LB Trial, a Phase 2b study of neflamapimod in patients with DLB funded primarily by a $21.3 million grant from the NIA.

Our novel approach focuses on reducing the impact of inflammation in the brain, or neuroinflammation, which we believe is a key factor in the manifestation of degenerative diseases of the brain, including DLB. Chronic activation of the enzyme p38α in the brains of people with certain neurodegenerative diseases is believed to impair how neurons communicate through synapses. This impairment, termed 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, by interfering with key pathogenic drivers of disease, 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.

Neflamapimod in DLB

We believe we are a leader in the industry in developing a treatment for DLB, as neflamapimod is the only clinical drug candidate of which we are aware that has shown statistically significant improvements compared to placebo in a Phase 2a clinical trial (our AscenD-LB Trial) and improved outcomes ($p < 0.001$) on the trial's primary endpoint in a Phase 2b evaluation (16-week Extension data from our RewinD-LB Trial). We are also the only company of which we are aware that is specifically targeting the treatment of DLB patients who do not have AD-related co-pathology. Compared to patients with "Pure" DLB – who may represent up to 50% of the total diagnosed DLB patient population at any given time – DLB patients with AD co-pathology have significant, irreversible neuronal loss in the hippocampus, which may be assessed via imaging or biomarker evidence of amyloid and/or tau pathology. DLB without AD co-pathology, however, is primarily a disease of reversible synaptic dysfunction in the BFC system and, based on available preclinical and clinical data, we believe if neflamapimod is given in the early stages of certain degenerative diseases of the brain, it may reverse synaptic dysfunction, 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 thereby has the potential to improve outcomes for patients.

Our recently completed RewinD-LB Trial is a Phase 2b study in 159 participants with DLB funded primarily by a $21.3 million grant from the NIA. Patients with AD co-pathology, as assessed by plasma ptau181 levels at screening, were excluded from the trial. Intended to confirm the efficacy findings from the AscenD-LB Trial, we announced 16-week results from the Extension Phase of the RewinD-LB Trial in March 2025. In the first 16 weeks of the Extension, treatment with Batch B led to increased plasma drug concentrations and demonstrated improvement on the trial's primary outcome measure, change from baseline in CDR-SB ($p<0.001$ vs. Batch A; $p=0.003$ vs. placebo), and ADCS-CGIC, a secondary outcome measure in the trial ($p=0.035$ vs. Batch A; $p=0.035$ vs. placebo). We believe these results demonstrate proof-of-concept for neflamapimod as a potential treatment for DLB, and support our hypothesis that the failure of neflamapimod during the Initial Phase was the result of Batch A delivering lower than expected plasma drug concentrations and effectively underdosing participants. Additional data from the Extension were presented at the 19th International Conference on Alzheimer's and Parkinson's Disease and Related Neurologic Disorders in April 2025, including that neflamapimod demonstrated improvements on endpoints measuring cognitive fluctuations and working memory.

In July 2025, we reported 32-week data from the Extension showing a 54% risk reduction in clinically significant worsening (≥ 1.5-point increase in CDR-SB) compared to control at Week 32 of Batch B neflamapimod treatment ($p=0.0037$). This risk reduction improved to 64% ($p=0.0001$) among patients who have minimal evidence of AD co-pathology (plasma ptau181 ≥ 21.0 pg/mL at screening). In addition, we also reported a statistically significant reduction ($p<0.0001$) from baseline (i.e., start of extension) in plasma levels of the neurodegenerative disease activity marker GFAP in patients who received Batch B for all 32 weeks, with a mean change of -18.4±4.0 pg/mL in all participants (N=107) and -21.2±4.4 pg/mL in participants with minimal evidence of AD co-pathology (plasma ptau181 ≥ 21.0 pg/mL at screening; N=91). GFAP is an established plasma marker of neurodegeneration in patients with DLB. In October 2025, we reported additional data from the RewinD-LB Trial, including significant improvement relative to placebo on CDR-SB and GFAP over 16 weeks in a within-subject analysis of patients who receive Batch B, as well as a subset analysis of participants who have minimal evidence of AD co-pathology based on the recently validated, high-sensitivity cutoff for detecting AD co-pathology via plasma ptau181 levels that we expect to use in our planned Phase 3 trial in DLB (plasma ptau181 ≥ 21.0 pg/mL at screening). We believe these data further demonstrate neflamapimod's potential as a treatment for DLB, showing a durable, meaningful slowing of clinical progression over 32 weeks of treatment with neflamapimod when target drug plasma concentrations were achieved.

In November 2025, we announced alignment with the FDA on key aspects of our proposed Phase 3 clinical trial of neflamapimod for the treatment of DLB. Based on FDA feedback, we plan to initiate a single, global, randomized, double-blind, placebo-controlled Phase 3 clinical trial evaluating the efficacy and safety of neflamapimod in approximately 300 patients with DLB by consensus clinical criteria in the second half of 2026. The trial will exclude patients who have historical evidence of AD co-pathology by brain imaging scan or cerebrospinal fluid sampling. In addition, the trial will be further enriched for patients who do not have AD co-pathology by excluding patients via a validated blood plasma test (plasma ptau181 ≥ 21.0 pg/mL at screening). Participants will be randomized 1:1 to receive either oral neflamapimod or placebo for 32 weeks, followed by a neflamapimod only extension for 48 weeks. Worsening of global cognition and function as measured by change CDR-SB – the same primary endpoint as in our recently completed RewinD-LB Trial – will be the primary endpoint for the planned Phase 3 trial. Secondary endpoints will include the percentage of participants who have a greater than 1.5-point increase in CDR-SB and other well-established measures of cognitive and motor function. The trial will also include assessments of key biomarkers of the neurodegenerative process, such as glial fibrillary acidic protein, to further support regulatory review and clinical interpretation. CervoMed expects feedback from other global regulators in the coming months and to announce additional details regarding the planned Phase 3 trial design in early 2026 following these interactions.

Neflamapimod's Potential in Additional Neurologic Indications

In addition to neflamapimod's potential to treat DLB, we believe the benefit of targeting neuroinflammation-induced synaptic dysfunction in the BFC system can be applied to other neurologic indications in which treatment of BFC dysfunction and degeneration would be expected to be clinically beneficial, including as treatment for certain forms of FTD — for which the FDA granted neflamapimod Orphan Drug Designation in November 2024 — and promoting recovery after ischemic stroke. Based upon this potential, we have commenced our ongoing RESTORE Trial, a Phase 2 trial evaluating neflamapimod in up to 90 participants recovering from ischemic stroke, from which we expect topline data in the second half of 2026, and our Phase 2a trial evaluating neflamapimod in up to 20 participants with the nonfluent/agrammatic variant of PPA, a subtype of FTD, from which we expect initial biomarker data in mid-2026.

Planned Manufacturing Improvements

Our investigations into the cause of the failure of Batch A to achieve expected plasma drug concentrations identified a mixture of polymorphic forms of neflamapimod's active drug ingredient contained in the current drug product, with a time-dependent change in relative amounts of the individual forms. As the individual polymorphic forms have different physical chemistry properties, including solubility, and the Batch A capsules were more than three years out from their manufacture date at the time of administration during the RewinD-LB Trial, we believe this time-dependent change (i.e., aging) accounts for the reduced performance of Batch A. To mitigate the potential for this reduction in performance over time, we have now identified the most stable polymorphic form, as well as a means to manufacture drug product that contains this form, and currently plan to utilize drug product that only or predominantly includes this stable polymorphic form in our planned Phase 3 clinical trial in DLB, and we are in the process of implementing associated manufacturing improvements.

Financial Summary

As of September 30, 2025, we had cash and cash equivalents and marketable securities of approximately $27.3 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 September 30, 2025 was $89.6 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 $18.9 million and $9.6 million in the nine months ended September 30, 2025 and 2024, respectively. Our net loss was $7.7 million and $4.8 million in the three months ended September 30, 2025 and 2024, respectively. We expect our expenses will increase in connection with our ongoing activities, as we:

- advance neflamapimod through clinical trials, including a potential Phase 3 trial in DLB;
- manufacture supplies for our preclinical 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 and cash equivalents and marketable securities on hand as of September 30, 2025, 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, the unaudited interim condensed consolidated 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. The unaudited interim condensed consolidated financial statements 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 is recognized as grant revenue as the qualifying expenses related thereto are incurred. For the nine months ended September 30, 2025 and 2024, $4.0 million and $7.6 million of grant funding was recognized, respectively. For the three months ended September 30, 2025 and 2024, $0.3 million and $1.9 million of grant funding was recognized, respectively.

Research and Development Expenses

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

- expenses incurred under agreements with CROs, preclinical testing organizations, consultants, and other third-party vendors, collaborators and service providers;
- costs related to production of clinical materials, including fees paid to 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 pursuant to the NIA Grant. 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 September 30, 2025 and 2024

The following table summarizes our results of operations:

	Three Months Ended September 30,			
	2025	**2024**	**$ Change**	**% Change**
Grant revenue	$ 322,569	$ 1,939,751	$ (1,617,182)	(83)%
Operating expenses:				
Research and development	6,040,442	5,125,097	915,345	18%
General and administrative	2,326,326	2,210,927	115,399	5%
Total operating expenses	8,366,768	7,336,024	1,030,744	14%
Loss from operations	(8,044,199)	(5,396,273)	(2,647,926)	49%
Other income (expense):				
Other expense	(1,227)	(3,440)	2,213	(64)%
Interest income	318,787	646,172	(327,385)	(51)%
Total other income, net	317,560	642,732	(325,172)	(51)%
Net loss	$ (7,726,639)	$ (4,753,541)	$ (2,973,098)	63%

Grant Revenue

Grant revenue was $0.3 million and $1.9 million for the three months ended September 30, 2025 and 2024, respectively. The decrease of $1.6 million is due to the completion of the Initial Phase of the RewinD-LB Trial and transitioning to the Extension Phase in late 2024, followed by the subsequent completion of the Extension Phase in mid-2025.

Research and Development Expenses

The following table summarizes our research and development expenses for the three months ended September 30, 2025 and 2024:

	Three Months Ended September 30,			
	2025	2024	$ Change	% Change
Dementia with Lewy bodies	$ 1,680,922	$ 3,317,345	$ (1,636,423)	(49)%
Frontotemporal dementia	313,438	2,581	310,857	(a)
Recovery after stroke	396,635	112,759	283,876	252%
Other clinical* and preclinical	485,586	541,125	(55,539)	(10)%
Personnel costs, excluding stock-based compensation	1,767,086	643,024	1,124,062	175%
Stock-based compensation	133,169	42,224	90,945	215%
Other research and development expenses, including CMC	1,263,606	466,039	797,567	171%
Total research and development expenses	$ 6,040,442	$ 5,125,097	$ 915,345	18%

* Includes early-stage clinical studies that are not indication-specific and related costs.
(a) De minimis expenses in prior year period. Year-over-year change not meaningful.

Research and development expenses were $6.0 million for the three months ended September 30, 2025, compared to $5.1 million for the three months ended September 30, 2024. The aggregate $0.9 million increase in research and development expenses was primarily due to an increase of $1.1 million in personnel costs, driven by higher headcount and outsourced consulting costs, and an increase of $0.8 million in other research and development costs, driven by increased CMC activities to evaluate, analyze and address the drug product issue identified in December 2024, and an aggregate increase of $0.6 million in costs related to our recovery after stroke and FTD programs, as our RESTORE Trial and Phase 2a trial in a sub-type of FTD were both recently initiated. These increases were offset by a net decrease in costs related to our neflamapimod clinical programs, primarily driven by a $1.6 million decrease in costs related to our DLB program – including our recently completed RewinD-LB Trial and $0.1 million decrease for the other clinical and preclinical costs.

General and Administrative Expenses

The following table summarizes our general and administrative expenses for the three months ended September 30, 2025 and 2024:

	Three Months Ended September 30,			
	2025	2024	$ Change	% Change
Personnel costs, excluding stock-based compensation	$ 1,087,467	$ 1,168,151	$ (80,684)	(7)%
Stock-based compensation	158,548	22,050	136,498	(a)
Professional fees	711,307	707,725	3,582	1%
Insurance, taxes and similar fees	258,032	241,123	16,909	7%
Other general and administrative expenses, including IT, facilities, supplies and similar costs	110,972	71,878	39,094	54%
Total general and administrative expenses	$ 2,326,326	$ 2,210,927	$ 115,399	5%

*(a) De minimis expenses in prior year period. Year-over-year change not meaningful.

General and administrative expenses were $2.3 million for the three months ended September 30, 2025, compared to $2.2 million for the three months ended September 30, 2024. The aggregate increase of $0.1 million was primarily due to a $0.1 million increase in stock-based compensation relating to more stock option grants outstanding through September 30, 2025 versus September 30, 2024.

Other Expense

There was a *de minimis* amount of other expenses for the three months ended September 30, 2025 and 2024.

Interest income

Interest income was $0.3 million for the three months ended September 30, 2025, compared to $0.6 million three months ended September 30, 2024. The decrease was primarily due to change in returns on investments driven by a lower investment balance due to cash used for operations.

Comparison of the Nine Months Ended September 30, 2025 and 2024

The following table summarizes our results of operations:

	Nine Months Ended September 30,			
	2025	**2024**	**$ Change**	**% Change**
Grant revenue	$ 3,997,784	$ 7,575,972	$ (3,578,188)	(47)%
Operating expenses:				
Research and development	15,986,865	11,711,746	4,275,119	37%
General and administrative	7,974,277	6,850,536	1,123,741	16%
Total operating expenses	23,961,142	18,562,282	5,398,860	29%
Loss from operations	(19,963,358)	(10,986,310)	(8,977,048)	82%
Other income (expense):				
Other expense	(11,618)	(3,717)	(7,901)	(a)
Interest income	1,095,899	1,405,246	(309,347)	(22)%
Total other income, net	1,084,281	1,401,529	(317,248)	(23)%
Net loss	$ (18,879,077)	$ (9,584,781)	$ (9,294,296)	97%

*(a) De minimis expenses in prior year period. Year-over-year change not meaningful.

Grant Revenue

Grant revenue was $4.0 million and $7.6 million for the nine months ended September 30, 2025 and 2024, respectively. The decrease of $3.6 million is due to the completion of the Initial Phase of the RewinD-LB Trial and transitioning to the Extension Phase in late 2024, followed by the subsequent completion of the Extension Phase in mid-2025.

Research and Development Expenses

The following table summarizes our research and development expenses by functional area for the nine months ended September 30, 2025 and 2024:

	Nine Months Ended September 30,			
	2025	2024	$ Change	% Change
Dementia with Lewy bodies	$ 5,866,430	$ 8,753,991	$ (2,887,561)	(33)%
Frontotemporal dementia	846,664	2,581	844,083	(a)
Recovery after stroke	952,338	112,759	839,579	(a)
Other clinical* and preclinical	1,505,726	542,932	962,794	177%
Personnel costs, excluding stock-based compensation	4,060,722	1,235,556	2,825,166	229%
Stock-based compensation	378,029	146,358	231,671	158%
Other research and development expenses, including CMC	2,376,956	917,569	1,459,387	159%
Total research and development expenses	$ 15,986,865	$ 11,711,746	$ 4,275,119	37%

* Includes early-stage clinical studies that are not indication-specific and related costs.
(a) De minimis expenses in prior year period. Year-over-year change not meaningful.

Research and development expenses were $16.0 million for the nine months ended September 30, 2025, compared to $11.7 million for the nine months ended September 30, 2024. The increase of $4.3 million was primarily due to the increase of $1.5 million in costs related to CMC activities and other research and development expenses, increased other clinical and nonclinical studies of $1.0 million, increased personnel costs of $2.8 million, increase in stock-based compensation of $0.2 million and an aggregate increase of $1.7 million related to clinical work for neflamapimod, including costs related to our RESTORE Trial and Phase 2a trial in a sub-type of FTD, which were both recently initiated. This was offset by a decrease of $2.9 million due to the completion of the Initial Phase of the RewinD-LB Trial and transitioning to the Extension Phase in December 2024, followed by the subsequent completion of the Extension Phase in mid-2025.

General and Administrative Expenses

The following table summarizes our general and administrative expenses by functional area for the nine months ended September 30, 2025 and 2024:

	Nine Months Ended September 30,			
	2025	2024	$ Change	% Change
Personnel costs, excluding stock-based compensation	$ 3,797,765	$ 2,968,276	$ 829,489	28%
Stock-based compensation	771,869	921,653	(149,784)	(16)%
Professional fees	2,053,984	2,049,828	4,156	0%
Insurance, taxes and similar fees	917,616	709,178	208,438	29%
Other general and administrative expenses, including IT, facilities, supplies and similar costs	433,043	201,601	231,442	115%
Total general and administrative expenses	$ 7,974,277	$ 6,850,536	$ 1,123,741	16%

General and administrative expenses were $8.0 million for the nine months ended September 30, 2025, compared to $6.9 million for the nine months ended September 30, 2024. The increase of $1.1 million was primarily due to the increase of $0.8 million in personnel costs, the increase of $0.2 million in insurance and taxes, and the increase of $0.2 million in other general and administrative expenses, partially offset by a decrease of $0.1 million in stock-based compensation.

Other Expense

There was a *de minimis* amount of other expense for the nine months ended September 30, 2025 and 2024.

Interest income

Interest income was $1.1 million for the nine months ended September 30, 2025 as compared to $1.4 million for the nine months ended September 30, 2024. The decrease 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 September 30, 2025, our operations have primarily been financed through the issuance of common stock, convertible preferred stock and convertible debt financings. As of September 30, 2025, we had approximately $27.3 million of cash and cash equivalents and marketable securities. We have not generated positive cash flows from operations and as of September 30, 2025, we had an accumulated deficit of approximately $89.6 million. In January 2023, we were awarded a $21.0 million grant from the NIA to support the RewinD-LB Trial, which is expected to be received over a three-year period. In August 2024, we received an additional $0.3 million from the NIA. As of September 30, 2025, total cash funding of $19.5 million had been received from the NIA Grant and approximately $1.6 million in funding is remaining (or $1.8 million if the final 2% of current year funding mentioned below is received). In March 2025, the Company received access to 90% of the current year funding and in June 2025, the Company received access to additional funds for an aggregate of 98% of the current year funding provided for in the NIA Grant, due to current NIA policy as a result of the U.S. government currently being funded on the basis of a continuing resolution. The timing of our receipt of the remaining 2% of the grant of current year funding, if any, is dependent upon and subject to U.S. congressional approval of a final appropriations bill, which remains subject to ongoing uncertainty. Accordingly, as of September 30, 2025, we determined that the receipt of the remaining 2% of funding is not probable and we will not account for the remaining 2% of funding unless and until received.

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

On May 21, 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 nine months ended September 30, 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.

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 and cash equivalents and marketable securities on hand as of September 30, 2025, 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 interim condensed consolidated 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 or other capital sources, including potential collaborations, licenses and other similar arrangements. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our stockholders' rights. If we raise additional capital through a debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to raise capital, we may need to delay, reduce or terminate planned activities to reduce costs, including our development or commercialization activities for neflamapimod. We might also be required to seek funds through arrangements with third parties that require us to relinquish certain of our rights to neflamapimod or otherwise agree to terms unfavorable to us.

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

- the 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 the increased costs of internal and external resources as to support our operations as a public reporting company;
- the cost and timing of securing manufacturing arrangements for clinical or commercial production;
- the cost of establishing, either internally or in collaboration with others, sales, marketing and distribution capabilities to commercialize neflamapimod, if approved;
- the cost of filing, prosecuting, enforcing, and defending our patent claims and other intellectual property rights, including defending against any patent infringement actions brought by third parties against us;
- the ability to receive additional non-dilutive funding, including grants from organizations and foundations;
- our ability to establish strategic collaborations, licensing or other arrangements with other parties on favorable terms, if at all; and
- the extent to which we may in-license or acquire other product candidates or technologies.

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

Cash Flows

	Nine Months Ended September 30,	
	2025	**2024**
Net cash used in operating activities	$ (16,874,264)	$ (8,479,909)
Net cash provided by (used in) investing activities	12,723,481	(37,967,876)
Net cash provided by financing activities	4,588,687	46,398,606
Net increase (decrease) in cash and cash equivalents	$ 437,904	$ (49,179)

Operating Activities

For the nine months ended September 30, 2025, cash used in operating activities was $16.9 million. The net cash outflow from operations primarily resulted from net loss of $18.9 million and accretion of discount on marketable securities of $0.7 million, partially offset by changes in operating assets and liabilities of $1.6 million and by a non-cash expense of $1.1 million for stock-based compensation.

For the nine months ended September 30, 2024, cash used in operating activities was $8.5 million. The net cash outflow from operations primarily resulted from net loss of $9.6 million and accretion of discount on marketable securities of $0.8 million, partially offset by changes in operating assets and liabilities of $0.9 million and by a non-cash expense of $1.1 million for stock-based compensation.

Investing Activities

For the nine months ended September 30, 2025, cash used in investing activities was $12.7 million due to the purchase of marketable securities, offset by the maturities of marketable securities.

For the nine months ended September 30, 2024, cash used in investing activities was $38.0 million due to the purchase of marketable securities following completion of the 2024 Private Placement, offset by the maturities of marketable securities.

Financing Activities

For the nine months ended September 30, 2025, cash provided by financing activities was $4.6 million due to proceeds from the sale of common stock for $4.6 million, net of offering costs, pursuant to the Sales Agreement.

For the nine months ended September 30, 2024, cash provided by financing activities was $46.4 million due to proceeds from the 2024 Private Placement partially offset by the payment of issuance costs in connection therewith.

Contractual Obligations and Other Commitments

We enter into contracts in the normal course of business with third-party contract organizations for clinical trials, preclinical 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 nine months ended September 30, 2025, 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, we are not required to provide the information required by this Item 3.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Material Weaknesses in Internal Control over Financial Reporting

In connection with the audit of the Company's consolidated financial statements for the years ended December 31, 2024, 2023, and 2022, a material weakness in the Company's 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 weaknesses, if not remediated, could result in a material misstatement to the Company's consolidated financial statements that may not be prevented or detected. A material weakness will not be considered remediated until a remediation plan has been fully implemented, the applicable controls operate for a sufficient period of time, and it has been concluded, through testing, that the newly implemented and enhanced controls are operating effectively.

On August 16, 2023, we completed the Merger. For financial reporting purposes, EIP was determined to be the accounting acquirer and, accordingly, for all periods prior to the Merger, EIP's historical financial statements and results of operations replace and are deemed to be the Company's financial statement and results of operations for such periods. While Diffusion was previously subject to the provisions of 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 continue to implement measures designed to improve our internal control over financial reporting to remediate the remaining material weakness. As of the date of this Quarterly Report, we continue to be actively engaged in these efforts through, among other things, adding additional review procedures by qualified personnel over complex accounting matters and, during the year ended December 31, 2024, we completed our remediation plan with respect to a material weakness related to the recording of significant complex transactions previously identified in connection with the audit of the Company's consolidated financial statements for the years ended December 31, 2023 and 2022. We currently expect to complete the remediation plan with respect to the remaining material weakness related to the absence of effective controls regarding the accurate identification, evaluation and proper recording of various expense accounts during the year ending December 31, 2025. However, the Company cannot predict the success of such efforts or the outcome of its assessment of the remediation efforts and the Company's efforts may not remediate this material weakness in its internal control over financial reporting, or additional material weaknesses may be identified in the future.

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

Change in Internal Control Over Financial Reporting

Except as set forth above, there were no changes in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) that occurred during the quarter ended September 30, 2025 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 except as set forth below.

The Company has a history of operating losses and expects to continue to incur losses in the foreseeable future, which raises substantial doubt about its ability to continue as a going concern.

As discussed further in Note 2 to the Company's unaudited condensed consolidated interim financial statements included elsewhere in this Quarterly Report, the Company has a history of operating losses and expects to continue to incur losses in the foreseeable future, which raises substantial doubt regarding the Company's ability to continue as a going concern within one year after the date its unaudited interim condensed consolidated financial statements are issued. As described in further detail elsewhere in this Quarterly Report, the Company currently has no sources of revenue and its ability to continue as a going concern is dependent on its ability to raise capital and pursue its business strategies to fund operations and future business plans. The Company will continue to require additional financing to advance its current product candidates through clinical development, to develop, acquire or in-license other potential product candidates and to fund operations for the foreseeable future. The Company intends to continue to seek funds through equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements. However, the Company may be unable to raise additional funds or enter into such other arrangements when needed, on favorable terms, or at all. If the Company does raise additional capital through public or private equity offerings, the ownership interest of its existing stockholders will be diluted, and the terms of such securities may include liquidation or other preferences that adversely affect the Company's stockholders' rights. If the Company raises additional capital through a debt financing, it may be subject to covenants limiting or restricting the Company's ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on the Company's financial condition and on its ability to pursue its business plans and strategies. If the Company is unable to raise sufficient capital when needed, it may need to delay, reduce or terminate planned activities to reduce costs, including development or commercialization activities for neflamapimod. The Company might also be required to seek funds through arrangements with third parties that require it to relinquish certain of its rights to neflamapimod or otherwise agree to terms unfavorable to the Company.

Additionally, volatility in the capital markets and general economic and geopolitical conditions in the U.S. and globally may be a significant obstacle to raising the required funds as and when needed. The Company's unaudited condensed consolidated interim financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern. If the going concern basis were not appropriate for these unaudited condensed consolidated interim financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the balance sheet classifications used. If the Company is unable to continue as a going concern, its stockholders could suffer the loss of all or a substantial portion of their investment.

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 September 30, 2025, 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
10.1	Form of Stock Option Award Agreement under the CervoMed Inc. 2025 Equity Incentive Plan	Filed herewith
31.1	Certification of the Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)	Filed herewith.
31.2	Certification of the Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a)	Filed herewith.
32.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b)	Furnished herewith.
32.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(b) or Rule 15d-14(b)	Furnished herewith.
101.INS*	Inline XBRL Instance Document	Filed herewith.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document	Filed herewith.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101)	Filed herewith.

# Indicates a management contract or compensatory plan or arrangement.

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

SIGNATURES

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

CervoMed Inc.

Date: November 7, 2025

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

Date: November 7, 2025

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

STOCK OPTION AGREEMENT

This STOCK OPTION AGREEMENT (this "***Agreement*")** is entered into and effective as of [_____], 202[__] (the "***Grant Date***") by and between CervoMed Inc., a Delaware corporation (the "***Company***"), and [_____] ("***Optionee***").

A. The Company has adopted the CervoMed Inc. 2025 Equity Incentive Plan (as such plan may be amended from time to time, the "***Plan***") authorizing the Board of Directors (the "***Board***") of the Company, or a committee as provided for in the Plan (the Board or such a committee to be referred to as the "***Committee***"), to grant stock options, among other incentive awards, to certain individuals.

B. The Company desires to grant [an incentive/a non-qualified] stock option to purchase shares of common stock, par value $0.001 per share, of the Company (the "***Common Stock***") to Optionee pursuant to the Plan.

C. All of the capitalized terms used in this Agreement not otherwise defined in this Agreement have the same respective meanings as defined in the Plan.

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, the Company and Optionee agree as follows:

1. Grant of Option; Exercise Price. The Company hereby grants to Optionee, upon the terms and subject to the conditions set forth in this Agreement and the Plan, and effective as of the Grant Date, an option (the "***Option***") to purchase all or any portion of [_____] shares (the "***Option Shares***") of the Company's Common Stock, at an exercise price of $[_____] per share, which represents 100% of the Fair Market Value of a share of Common Stock on the Grant Date, as determined in accordance with the Plan (such exercise price, as adjusted from time to time pursuant to Section 5 of this Agreement and Section 4.3 of the Plan, the "***Exercise Price***"). The Option [is/is not] intended to be an "incentive stock option," as that term is used in Section 422 of the Internal Revenue Code of 1986, as amended (the "***Code***").

2. Vesting. The option will vest and become exercisable in [__] equal (or as nearly equal as possible) installments on the last calendar day of each month over a [__]-month period beginning on [_____].

3. Exercise of Option.

3.1. Notice; Payment. Subject to the terms and conditions set forth in this Agreement, including vesting of the Option in Section 2 of this Agreement and termination of the Option in Section 4 of this Agreement, and the Plan, the Option may be exercised, in whole or in part, at any time and from time to time, by delivery to the Company of written notice of the exercise of the Option, in substantially the form as provided by the Company, stating the number of Option Shares being purchased (the "***Purchased Shares***"), and accompanied by payment in full of the total aggregate Exercise Price of the Purchased Shares. The Exercise Price shall be payable in full in any one of the following alternative forms:

a) Full payment in cash, personal check or certified bank or cashier's check;

b) Any broker assisted cashless exercise procedure which is acceptable to the Company;
c) Cashless net exercise.

X = Y – [(A)(YB)]

Where: X = the number of shares of Common Stock to be issued to Optionee.

Y = the number of Purchased Shares.

A = the Exercise Price.

B = the Fair Market Value of one share of Common Stock on the date of exercise.

3.2. Issuance of Purchased Shares; No Fractional Shares. Following receipt of the exercise notice and the payment referred to above (or upon a cashless net exercise), Optionee shall receive the number of shares of Common Stock equal to a number (as determined below) of shares of Common Stock computed using the following formula: and the payment referred to above, the Company shall, as soon as reasonably practicable thereafter, cause certificates (or book-entry notations) representing the Purchased Shares (or such fewer number of Purchased Shares if a cashless net exercise is used) to be delivered to Optionee either at Optionee's address set forth in the records of the Company or at such other address as Optionee may designate in writing to the Company or issue and deposit the Purchased Shares for Optionee's benefit with any broker with which Optionee has an account relationship or the Company has engaged to provide such services under the Plan; provided, however, that the Company shall not be obligated to issue a fraction or fractions of a share otherwise issuable upon exercise of the Option, and may pay to Optionee, in cash or cash equivalent, the Fair Market Value of any such fraction or fractions of a share as of the date of exercise. If requested by the Company in connection with any exercise of the Option, Optionee shall also deliver this Agreement to the Company, which shall endorse hereon a notation of the exercise and, and if the Option is exercised in part, shall return this Agreement to Optionee. The date of exercise of an Option that is validly exercised shall be deemed to be the date on which there shall have been delivered to the Company the notice referred to in Section 3.1 of this Agreement and full payment of the Exercise Price of the Purchased Shares. Optionee shall not be deemed to be a holder of any Purchased Shares pursuant to exercise of the Option until the date of issuance of a stock certificate or book-entry notation to Optionee for such shares following payment in full for the Purchased Shares.

3.3. Tax Withholding. The Company is entitled to (a) withhold and deduct from future wages of Optionee (or from other amounts that may be due and owing to Optionee from the Company or a Subsidiary), or make other arrangements for the collection of, all amounts the Company reasonably determines are necessary to satisfy any and all federal, foreign, state and local withholding and employment related tax requirements attributable to the Option, including, without limitation, the grant, exercise or vesting of, the Option; (b) withhold cash paid or payable or shares of Common Stock from the shares issued or otherwise issuable to Optionee in connection with the Option; or (c) require Optionee promptly to remit the amount of such withholding to the Company before taking any action, including issuing any shares of Common Stock, with respect to the Option. Shares of Common Stock issued or otherwise issuable to Optionee in connection with the Option that gives rise to the tax withholding obligation that are withheld for purposes of satisfying Optionee's withholding or employment-related tax obligation will be valued at their Fair Market Value on the Tax Date.

3.4. Remaining Option Shares. Option Shares will no longer be outstanding under the Option (and will therefore not thereafter be exercisable) following the exercise of the Option to the extent of (a) shares used to pay the Exercise Price of an Option under the "cashless net exercise" method (b) shares actually delivered to Optionee as a result of such exercise and (c) any shares withheld for purposes of tax withholding.

4. Termination of Option.

4.1. Time of Termination. Except as provided in this Section 4 and Section 5 of this Agreement, the Option shall terminate, no longer be exercisable and expire at 5:00 p.m., Eastern Time, on [_____] (the "***Time of Termination***").

4.2. Termination for Cause. In the event Optionee's employment (in the event that Optionee is an Employee) or other service (in the event that Optionee is a Consultant) with the Company and all Subsidiaries is terminated by the Company for Cause, the Option will immediately terminate without notice of any kind, and the Option will no longer be exercisable.

4.3. Termination Due to Death, Disability or Retirement . In the event Optionee's employment (in the event that Optionee is an Employee) or other service (in the event that Optionee is a Consultant) with the Company and all Subsidiaries is terminated by reason of Optionee's death, Disability or Retirement, the Option will remain exercisable, to the extent exercisable as of the date of such termination, for a period of one (1) year after such termination (but in no event after the Time of Termination).

4.4. Termination for Other Reasons. In the event Optionee's employment (in the event that Optionee is an Employee) or other service (in the event that Optionee is a Consultant) with the Company and all Subsidiaries is terminated for any other reason, the Option will, to the extent exercisable as of such termination, remain exercisable for a period of three (3) months after such termination (but in no event after the Time of Termination).

4.5. Effect of Actions Constituting Cause or Adverse Action. Notwithstanding anything in this Agreement to the contrary and in addition to the rights of the Committee under Sections 13.5 and 13.6 of the Plan, if Optionee is determined by the Committee, acting in its sole discretion, to have taken any action that would constitute Cause or an Adverse Action during or after the termination of employment or other service with the Company or a Subsidiary, irrespective of whether such action or the Committee's determination occurs before or after termination of Optionee's employment or other service with the Company or any Subsidiary and irrespective of whether or not Optionee was terminated as a result of such Cause or Adverse Action, (a) all rights of Optionee under the Option and this Agreement will terminate and be forfeited without notice of any kind, and (b) the Committee in its sole discretion will have the authority to rescind the exercise, vesting, settlement or issuance of, or payment in respect of, the Option that was exercised, vested, settled or issued, or as to which such payment was made, and to require Optionee to pay to the Company, within ten (10) days of receipt from the Company of notice of such rescission, any amount received or the amount of any gain realized as a result of such rescinded exercise, vesting, settlement, issuance or payment (including any dividends paid or other distributions made with respect to any shares of Common Stock subject to the Option). The Company may defer the exercise of the Option for a period of up to six (6) months after receipt of Optionee's written notice of exercise or the issuance of Purchased Shares upon the vesting of the Option for a period of up to six (6) months after the date of such vesting in order for the Committee to make any determination as to the existence of Cause or an Adverse Action. The Company will be entitled to withhold and deduct from future wages of Optionee (or from other amounts that may be due and owing to Optionee from the Company or a Subsidiary) or make other arrangements for the collection of all amounts necessary to satisfy such payment obligations. This Section 4.5 will not apply to the Option following a Change in Control.

4.6. Clawback/Forfeiture. The Option and Option Shares issued or issuable pursuant to the Option are subject to forfeiture or clawback by the Company to the extent required and allowed by law, including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and the Sarbanes Oxley Act of 2002 and any implementing rules and regulations promulgated thereunder, and pursuant to any forfeiture, clawback or similar policy of the Company, as such laws, rules, regulations and policy may be in effect from time to time.

5. Adjustments. In the event of any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, divestiture, or extraordinary dividend (including a spin-off), or any other similar change in the corporate structure or shares of the Company, the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation), will make appropriate adjustment (which determination will be conclusive) as to the number and kind of securities or other property (including cash) subject to, and the Exercise Price of, the Option in order to prevent dilution or enlargement of the rights of Optionee.

6. Change in Control. The Option shall become immediately vested and exercisable upon completion of a Change in Control and remain exercisable through the Time of Termination regardless of whether Optionee remains in the employment or service of the Company. Notwithstanding any of the foregoing, in connection with a Change in Control, the Committee, in its sole discretion, at any time after the grant of the Option, may take whatever action it deems appropriate pursuant to Section 15.3 of the Plan.

7. Rights as a Stockholder. Optionee will have no rights as a stockholder of the Company unless and until all conditions to the effective exercise of the Option (including, without limitation, the conditions set forth in Section 3 of this Agreement) have been satisfied and Optionee has become the holder of record of such shares. No adjustment will be made for dividends or distributions with respect to the Option as to which there is a record date preceding the date Optionee becomes the holder of record of such shares, except as may otherwise be provided in the Plan or determined by the Committee in its sole discretion.

8. Restrictions on Transfer. Except pursuant to testamentary will or the laws of descent and distribution or as otherwise expressly permitted by the Plan, no right or interest of Optionee in the Option prior to exercise may be assigned or transferred, or subjected to any lien, during the lifetime of Optionee, either voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise. Optionee, however, will be entitled to designate a beneficiary to receive the Option upon Optionee's death, and, in the event of Optionee's death, exercise of the Option (to the extent permitted pursuant to Sections 2 and 4 of this Agreement) may be made by Optionee's legal representatives, heirs and legatees.

9. Market Stand-off. Optionee, if so requested by the Company or any representative of the underwriters in connection with a firmly underwritten public offering of securities by the Company pursuant to a registration statement under the Securities Act following the date of this Agreement, shall not sell or otherwise transfer any Option Shares during the 180-day period following the effective date of such registration statement. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restriction until the end of such 180-day period. This Section 9 will not apply to the sale of any Option Shares to an underwriter pursuant to an underwriting agreement and shall only be applicable to Optionee if all then current executive officers and directors of the Company enter into similar agreements.

10. Employment or Service. Nothing in this Agreement or the Plan will interfere with or limit in any way the right of the Company or any Subsidiary to terminate the employment or service of Optionee at any time, nor confer upon Optionee any right to continue in the employment or other service with the Company or any Subsidiary.

11. Option Subject to Plan. The Option and the Option Shares granted and issued pursuant to this Agreement have been granted and issued under, and are subject to the terms of, the Plan. The terms of the Plan are incorporated by reference in this Agreement in their entirety, and Optionee, by execution of this Agreement, acknowledges having received a copy of the Plan. The provisions of this Agreement will be interpreted as to be consistent with the Plan, and any ambiguities in this Agreement will be interpreted by reference to the Plan. In the event that any provision of this Agreement is inconsistent with the terms of the Plan, the terms of the Plan will prevail. All of the capitalized terms used in this Agreement not otherwise defined in this Agreement have the same respective meanings as defined in the Plan.

12. General Provisions.

12.1. Governing Law; Venue. This Agreement and all rights and obligations under this Agreement will be governed by and construed exclusively in accordance with the laws of the State of Delaware, notwithstanding the conflicts of laws principles of any jurisdictions. By acceptance of the Option, Optionee is deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of the State of Illinois to resolve any and all issues that may arise out of or relate to the Option or this Agreement.

12.2. Entire Agreement. This Agreement and the Plan set forth the entire agreement and understanding of the parties to this Agreement with respect to the grant and exercise of the Option and the administration of the Plan and supersede all prior agreements, arrangements, plans, and understandings relating to the grant and exercise of the Option and the administration of the Plan.

12.3. Failure to Enforce Not a Waiver. The failure of the Company or Optionee to enforce at any time any provision of this Agreement shall in no way be construed to be a waiver of such provision or of any other provision hereof.

12.4. Notices. All notices, requests, demands and other communications (collectively, "***Notices***") given pursuant to this Agreement shall be in writing, and shall be delivered by personal service, courier, facsimile transmission, email transmission of a pdf format data file or by United States first class, registered or certified mail, postage prepaid, addressed to the party at the address set forth on the signature page of this Agreement. Any Notice, other than a Notice sent by registered or certified mail, shall be effective when received; a Notice sent by registered or certified mail, postage prepaid return receipt requested, shall be effective on the earlier of when received or the third day following deposit in the United States mails. Any party may from time to time change its address for further Notices hereunder by giving notice to the other party in the manner prescribed in this Section 12.4.

12.5. Successors and Assigns. Except to the extent specifically limited by the terms and provision of this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, heirs, and personal representatives.

12.6. Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by email delivery of a "pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or "pdf" signature page were an original thereof.

12.7. Titles, Captions and Sections. Titles and captions contained in this Agreement are inserted for convenience of reference only and do not constitute a part of this Agreement for any other purpose. References to Sections in this Agreement refer to Sections of this Agreement unless otherwise stated.

12.8. Nature of the Grant. In accepting the Option and by execution of this Agreement, Optionee acknowledges that:

a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended, or terminated by the Company in its sole discretion at any time, unless otherwise provided in the Plan.
b) The grant of the Option is voluntary and occasional and does not create any contractual or other right to receive future Option grants, or benefits in lieu of Option grants, even if Option grants have been granted repeatedly in the past.
c) All decisions with respect to future Option grants, if any, will be at the sole discretion of the Company.
d) Optionee is voluntarily participating in the Plan.
e) The Option grant is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments and in no event shall be considered as compensation for, or relating in any way to, past services for the Company.
f) In the event that Optionee is not an employee of the Company, the Option will not be interpreted to form an employment contract or relationship with the Company.
g) The future value of the Common Stock is unknown and cannot be predicted with certainty and if the Option vests and Optionee exercises the Option in accordance with the terms of this Agreement and is issued Purchased Shares, the value of those shares may increase or decrease.
h) In consideration of the grant of the Option, no claim or entitlement to compensation or damages shall arise from termination of the Option or diminution in value of the Option or Purchased Shares acquired upon exercise of the Option resulting from termination of Optionee's employment or service by the Company (for any reason whatsoever and whether or not in breach of local labor laws) and Optionee irrevocably releases the Company and its Subsidiaries, and their respective directors, officers, employees and agents, from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by acceptance of the Option and execution of this Agreement, Optionee shall be deemed irrevocably to have waived his or her entitlement to pursue such claim.

i) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Optionee's participation in the Plan, or Optionee's purchase or sale of the underlying Option Shares.
j) Optionee is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan or the Option.

13. [Incentive Stock Option Limitations.

13.1 Limitation on Amount. To the extent that the aggregate Fair Market Value (determined as of the Grant Date) of the shares of Common Stock with respect to which incentive stock options (within the meaning of Section 422 of the Code) are exercisable for the first time by the Optionee during any calendar year (under the Plan and any other incentive stock option plans of the Company or any subsidiary or parent corporation of the Company (within the meaning of the Code)) exceeds $100,000 (or such other amount as may be prescribed by the Code from time to time), such excess incentive stock options will be treated as non-statutory stock options in the manner set forth in the Plan.

13.2 Limitation on Exercisability; Disposition of Option Shares. Any incentive stock option that remains unexercised more than one year following termination of employment by reason of death or disability or more than three months following termination for any reason other than death or disability will thereafter be deemed to be a non-statutory stock option. In addition, in the event that a disposition (as defined in Section 424(c) of the Code) of shares of Common Stock acquired pursuant to the exercise of an incentive stock option occurs prior to the expiration of two years after its date of grant or the expiration of one year after its date of exercise (a "disqualifying disposition"), such incentive stock option will, to the extent of such disqualifying disposition, be treated in a manner similar to a non-statutory stock option.

13.3. No Representation or Warranty. Section 422 of the Code and the rules and regulations thereunder are complex, and neither the Plan nor this Agreement purports to summarize or otherwise set forth all of the conditions that need to be satisfied in order for this Option to qualify as an incentive stock option. In addition, this Option may contain terms and conditions that allow for exercise of this Option beyond the periods permitted by Section 422 of the Code, including, without limitation, the periods described in Sections 2 and 4 of this Agreement. Accordingly, the Company makes no representation or warranty regarding whether the exercise of this Option will qualify as the exercise of an incentive stock option, and the Company recommends that the Optionee consult with the Optionee's own advisors before making any determination regarding the exercise of this Option or the sale of the Option Shares.]

[*Remainder of page intentionally left blank; Signature page follows*]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement effective as of the Grant Date.

OPTIONEE:

_____

Name: [_____]

CERVOMED INC.

_____

By:

Title:

Address: 20 Park Plaza, Suite 424

Boston, MA 02116

By execution of this Agreement, Optionee acknowledges having received a copy of the Plan.

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: November 7, 2025

/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: November 7, 2025

/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 September 30, 2025 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: November 7, 2025

/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 September 30, 2025 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: November 7, 2025

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