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, 2023

☐ **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: 001-38302

NRX PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**82-2844431**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1201 Orange Street, Suite 600
Wilmington, DE 19801
(Address of principal executive offices) (Zip Code)

(484) 254-6134
(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	NRXP	The Nasdaq Stock Market LLC
Warrants to purchase one share of Common Stock	NRXPW	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

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, a smaller reporting company, or an emerging growth company. See 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 ☐
	Smaller reporting company ☒
Non-accelerated filer ☒	Emerging growth company ☐

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

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

As of November 13, 2023, the registrant had 83,919,554 shares of common stock outstanding.

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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

NRX PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	September 30, 2023 (Unaudited)	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,902	$ 20,054
Prepaid expenses and other current assets	4,187	5,741
Total current assets	13,089	25,795
Other assets	21	21
Total assets	$ 13,110	$ 25,816
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable	$ 3,631	$ 2,076
Accrued and other current liabilities	4,728	4,855
Accrued clinical site costs	575	914
Convertible note payable and accrued interest - short term	10,069	7,703
D&O insurance payable	314	—
Warrant liabilities	10	37
Total current liabilities	19,327	15,585
Convertible note payable and accrued interest - long term	—	2,822
Total liabilities	$ 19,327	$ 18,407
Preferred stock, $0.001 par value, 50,000,000 shares authorized;	—	—
Series A convertible preferred stock, $ 0.001 par value, 12,000,000 shares authorized; 3,000,000 and 0 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	3	—
Common stock, $0.001 par value, 500,000,000 shares authorized; 83,919,554 and 66,442,989 shares issued and outstanding at September 30, 2023 and December 31, 2022, respectively	84	67
Additional paid-in capital	242,533	230,339
Accumulated other comprehensive loss	(22)	—
Accumulated deficit	(248,815)	(222,997)
Total stockholders' (deficit) equity	(6,217)	7,409
Total liabilities and stockholders' (deficit) equity	$ 13,110	$ 25,816

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NRX PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share data)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Operating expenses:				
Research and development	$ 3,314	$ 4,129	$ 10,837	$ 12,571
General and administrative	2,494	5,012	12,344	21,876
Settlement expense	—	—	250	—
Total operating expenses	5,808	9,141	23,431	34,447
Loss from operations	(5,808)	(9,141)	(23,431)	(34,447)
Other (income) expenses:				
Interest income	(119)	(95)	(420)	(119)
Interest expense	40	—	40	3
Change in fair value of convertible note payable	359	—	2,794	—
Change in fair value of warrant liabilities	(26)	37	(27)	(236)
Change in fair value of Earnout Cash liability	—	—	—	(4,582)
Total other (income) expenses	254	(58)	2,387	(4,934)
Net loss	$ (6,062)	$ (9,083)	$ (25,818)	$ (29,513)
Change in fair value of convertible note attributed to credit risk	—	—	22	—
Other comprehensive loss	—	—	22	—
Comprehensive loss	$ (6,062)	$ (9,083)	$ (25,840)	$ (29,513)
Net loss per share:				
Basic and diluted	$ (0.07)	$ (0.14)	$ (0.35)	$ (0.45)
Weighted average common shares outstanding:				
Basic and diluted	81,946,957	66,449,593	74,114,180	65,532,409

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NRX PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
(in thousands, except share data)
(Unaudited)

	Preferred Stock		Series A Preferred Stock		Common Stock		Additional Paid-in-	Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Income (Loss)	(Deficit) Equity
Balance December 31, 2022	**—**	**$ —**	**—**	**$ —**	**66,442,989**	**$ 67**	**$ 230,339**	**$ (222,997)**	**$ —**	**$ 7,409**
Common stock and warrants issued, net of issuance costs $351	—	—	—	—	3,866,666	3	2,542	—	—	2,545
Change in fair value of convertible note attributed to credit risk	—	—	—	—	—	—	—	—	106	106
Stock-based compensation	—	—	—	—	—	—	695	—	—	695
Net loss	—	—	—	—	—	—	—	(11,039)	—	(11,039)
Balance - March 31, 2023	**—**	**$ —**	**—**	**$ —**	**70,309,655**	**$ 70**	**$ 233,576**	**$ (234,036)**	**$ 106**	**$ (284)**
Common stock and warrants issued, net of issuance costs $2,168	—	—	—	—	9,670,002	10	5,567	—	—	5,577
Change in fair value of convertible note attributed to credit risk	—	—	—	—	—	—	—	—	(128)	(128)
Stock-based compensation	—	—	—	—	—	—	544	—	—	544
Shares issued as repayment of principal and interest for convertible note	—	—	—	—	408,673	—	200	—	—	200
Net loss	—	—	—	—	—	—	—	(8,717)	—	(8,717)
Balance - June 30, 2023	**—**	**$ —**	**—**	**$ —**	**80,388,330**	**$ 80**	**$ 239,887**	**$ (242,753)**	**$ (22)**	**$ (2,808)**
Preferred stock and warrants issued, net of issuance costs $27	—	—	3,000,000	3	—	—	1,168	—	—	1,171
Stock-based compensation	—	—	—	—	—	—	351	—	—	351
Common stock issued to settle GEM settlement liability	—	—	—	—	675,676	1	249			250
Common stock issued as repayment of principal and interest for convertible note	—	—	—	—	2,855,548	3	779	—	—	782
Adjustment for deferred offering cost settlement	—	—	—	—	—	—	99	—	—	99
Net loss	—	—	—	—	—	—	—	(6,062)	—	(6,062)
Balance - September 30, 2023	**—**	**—**	**3,000,000**	**3**	**83,919,554**	**84**	**242,533**	**(248,815)**	**(22)**	**(6,217)**

NRX PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
(in thousands, except share data)
(Unaudited)

	Preferred Stock		Series A Preferred Stock		Common Stock		Additional Paid-in-	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Equity
Balance - December 31, 2021	**—**	**—**	**—**	**$ —**	**58,810,550**	**$ 59**	**$ 203,990**	**$ (183,243)**	**$ 20,806**
Common stock and warrants issued in private placement, net of issuance costs of $2,020	—	—	—	—	7,824,727	8	22,972	—	22,980
Common stock issued for consulting services	—	—	—	—	6,037	—	17	—	17
Stock-based compensation					—	—	1,334	—	1,334
Net loss	—	—	—	—	—	—	—	(13,448)	(13,448)
Balance - March 31, 2022	**—**	**$ —**	**—**	**$ —**	**66,641,314**	**$ 67**	**$ 228,313**	**$ (196,691)**	**$ 31,689**
Additional issuance costs in connection with Private Placement	—	—	—	—	—	—	(342)	—	(342)
Stock-based compensation	—	—	—	—	—	—	987	—	987
Net loss	—	—	—	—	—	—	—	(6,982)	(6,982)
Balance - June 30, 2022	**—**	**$ —**	**—**	**$ —**	**66,641,314**	**$ 67**	**$ 228,958**	**$ (203,673)**	**$ 25,352**
Additional issuance costs in connection with Private Placement	—	—	—	—	—	—	(28)	—	(28)
Restricted stock awards granted	—	—	—	—	1,000,000	1	(1)	—	—
Stock-based compensation	—	—	—	—	—	—	541	—	541
Net loss	—	—	—	—	—	—	—	(9,083)	(9,083)
Balance - September 30, 2022	**—**	**$ —**	**—**	**$ —**	**67,641,314**	**$ 68**	**$ 229,470**	**(212,756)**	**$ 16,782**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NRX PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine months ended September 30,	
	2023	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (25,818)	$ (29,513)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	4	3
Stock-based compensation	1,590	2,862
Change in fair value of warrant liabilities	(27)	(236)
Change in fair value of earnout cash liability	—	(4,582)
Change in fair value of convertible promissory note	2,794	—
Non-cash settlement expense	250	—
Increases (decreases) in operating assets and liabilities:		
Prepaid expenses and other assets	1,554	(1,443)
Accounts payable	1,654	(1,519)
Accrued expenses and other liabilities	(466)	2,991
Net cash used in operating activities	(18,465)	(31,437)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of computer equipment	(4)	(11)
Net cash used in investing activities	(4)	(11)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of note payable	—	(518)
Repayment of convertible note	(2,288)	—
Repayment of insurance loan	(474)	—
Proceeds from issuance of insurance loan	786	—
Proceeds from issuance of Series A preferred stock and warrants issued in private placement, net of issuance costs	1,171	—
Proceeds from issuance of common stock and warrants issued in private placement, net of issuance costs	8,122	22,610
Net cash provided by financing activities	7,317	22,092
Net (decrease) increase in cash and cash equivalents	(11,152)	(9,356)
Cash and cash equivalents at beginning of period	20,054	27,605
Cash and cash equivalents at end of period	$ 8,902	$ 18,249
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 646	$ —
Non-cash investing and financing activities		
Issuance of common stock as principal and interest repayment for convertible notes	$ 982	$ —
Issuance of common stock warrants as offering costs	$ 75	$ 726
Issuance of common stock for settlement of accrued liability	$ 250	$ 17

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

NRX PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

The Business

On May 24, 2021 ("Effective Time"), we consummated the business combination ("Merger") contemplated by the Agreement and Plan of Merger (as amended, the "Merger Agreement"), dated December 13, 2020, by and among our company (formerly known as Big Rock Partners Acquisition Corp. ("BRPA")), NeuroRx, Inc., a Delaware corporation ("NeuroRx"), Big Rock Merger Corp., a Delaware corporation and wholly-owned, direct subsidiary of BRPA ("Merger Sub"), pursuant to which Merger Sub was merged with and into NeuroRx, with NeuroRx surviving the Merger. As a result of the Merger, and upon consummation of the Merger and other transactions contemplated by the Merger Agreement, NeuroRx became a wholly-owned, direct subsidiary of BRPA. Upon the closing of the Merger, we changed our name to NRX Pharmaceuticals, Inc., with the stockholders of NeuroRx becoming stockholders of NRX Pharmaceuticals, Inc. Unless the context suggests otherwise, references to "NRx Pharmaceuticals," "NeuroRx", "NRXP," "we," or the "Company" refer to NRX Pharmaceuticals, Inc. and, where appropriate, its subsidiaries.

The Company is a clinical-stage pharmaceutical company which applies innovative science to known molecules to develop life-saving medicines through its wholly-owned operating subsidiary, NeuroRx. The Company's foundation product, NRX-101 (D-cycloserine/Lurasidone), for the treatment of bipolar depression in patients with suicidality, has been awarded Fast Track designation, Breakthrough Therapy designation, a Special Protocol Agreement, and a Biomarker Letter of Support by the U.S. Food and Drug Administration (the "FDA"). NRX-101 is covered by multiple U.S. and foreign patents, including a Composition of Matter patent (U.S. Patent No. 10,583,138) that was transferred to NRx Pharmaceuticals by Glytech, LLC.

Operations

As disclosed during the quarter, the Company's drug development activities have expanded from its original focus on development of NRX-101, a fixed dose combination of D-cycloserine (DCS) and lurasidone for the treatment of suicidal bipolar depression to encompass the development of NRX-101 for the treatment of Chronic Pain and Complicated Urinary Tract Infection (cUTI) and the development of intravenous ketamine (NRX-100) for the treatment of suicidal depression. These additional indications have been added as the Company has gained access to clinical trials data funded by governmental entities in France and potentially in the United States which has the potential to afford the Company potential safety and efficacy data on key indications at low cost to shareholders.

Development of NRX-101 for treatment-resistant suicidal bipolar depression

The Company is nearing completion of enrollment of the originally-targeted 70 participants in the Phase 2b/3 trial of NRX-101 in TRBD; enrollment will continue through November to increase study power. The target population is based on the Company's January 2023 meeting with the FDA in which the Company was guided to expand its intended use of NRX-101 from the original population of patients with acute suicidality who might be treated in the hospital environment to the broader population of patients with subacute suicidal ideation (now described by the Company as Treatment-Resistant Bipolar Depression) who are treated in the outpatient setting.

Based on the guidance of the FDA and the Company's completion of manufacturing for phase 3/commercial stage investigational product, the Company upgraded the ongoing clinical trial to a phase 2b/3 trial, the results of which have the potential to be used for registrational filings.

During the first half of 2023, the Company refined its ability to validate the psychometric ratings that are used to assess the efficacy endpoints for the clinical trial. The Company relies upon a team of veteran raters who both train independent site raters and monitor the technical quality of each rating. A standard was set of 90% or better congruence between the

NRX PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Company's veteran rating team and site raters. This standard was met for all study participants whose ratings were obtained in their primary language and management believes that this standard can be maintained for the duration of the trial. In Q2 2023, the Company released research findings that demonstrate better than 94% congruence on the Montgomery Asberg Depression Rating Scale (MADRS), which constitutes the primary efficacy endpoint. As of the filing of this 10-Q, this data integrity standard has been maintained.

In April 2023, the Company contracted with 1nHealth to initiate a recruitment campaign that may cover up to 45 states in the U.S. to recruit sufficient participants for this enlarged trial. The Company has similarly broadened its relationship with Science 37, a contract research organization that conducts decentralized clinical trials, to enroll participants identified by the 1nHealth recruitment initiative and randomize them to be treated within the broadened clinical trial. 1nHealth has additionally engaged "The Mighty," a voice-of-the-patient organization with national reach to publicize the clinical trial to the 800,000+ subscribers who have indicated a focus on bipolar depression and suicidality.

In Q1 2023, the Company announced the participation of Prof. Andrew Nierenberg, M.D., Head of the Massachusetts General Hospital (MGH) Dauton Family Center for Bipolar Treatment Innovation as the Principal Investigator of the clinical trial. The Company has now initiated clinical trial sites at Northwestern University (Chicago) and University of Texas, Austin, in addition to commercial research sites.

The Company has completed manufacture of all clinical supplies required for its ongoing clinical trials. This initiative is expected to yield stability data sufficient to support a shelf life in excess of two years at time of potential drug launch (should the clinical trials be successful). The completion of this manufacturing milestone may allow the Company to decrease ongoing expenditure associated with manufacturing and development of chemical manufacturing controls. Through the filing of this 10-Q, product stability has continued to support the targeted two-year shelf life at potential drug launch.

On June 2, 2023, the Company entered into an Exclusive, Global - Development, Supply, Marketing & License Agreement (the "License Agreement") with Alvogen Pharma US, Inc., Alvogen, Inc. and Lotus Pharmaceutical Co. Ltd. (collectively, "Alvogen"). Under the License Agreement, NRx granted Alvogen an exclusive (even as to NRx and its affiliates) worldwide, transferable and sublicensable license under certain intellectual property (including patents, know-how and trademarks) owned or controlled by NRx to develop (with certain limitations), manufacture, and commercialize NRX-101, for the treatment of bipolar depression with suicidality. The term of the license is, on a country-by-country basis, 20 years from the first commercial sale of NRX-101 in such country, extendable by Alvogen for a two-year period upon its request made prior to the expiration of such 20-year period. During the term of the License Agreement, the parties have agreed (on behalf of themselves and their affiliates) not to research, develop, seek or obtain any regulatory approval for the manufacturing, marketing, sale, or other commercialization of any product containing a fixed dose combination of D-cycloserine and lurasidone in the treatment of bipolar depression with suicidality, nor to authorize or assist (including by investing in or otherwise providing funding to) any third party to do so.

During the term of the License Agreement, NRx is permitted to develop additional products containing D-cycloserine in combination with one or more other active antidepressant or antipsychotic ingredients for use outside of the field of treatment of bipolar depression with suicidality, such as in post-traumatic stress disorder (PTSD) or chronic pain in depression, in which case, if NRx wishes to license rights to develop or commercialize such additional products or indications, Alvogen has a right of first negotiation to obtain such a license.

Progress on NRX-100 (ketamine).

During Q1 management met with the psychiatry division of the FDA to discuss paths to market for NRX-101 as monotherapy and as sequential therapy following stabilization with ketamine. The FDA indicated that treatment following ketamine would require data sufficient to file a New Drug Application for the use of ketamine as a stabilization agent.

NRX PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Currently, the FDA has limited data on file that demonstrates the safety and efficacy of ketamine. Accordingly, the Company has established a scientific collaboration with Prof. Marion Leboyer of Paris, France and Prof. Mocrane Abbar of Lyon, France in order to incorporate the results of a 156-person inpatient trial of intravenous ketamine vs. placebo for the stabilization of patients admitted for acute suicidality (the KETIS trial). The findings of the trial demonstrate a statistically significant reduction in both suicidality (the primary endpoint) and depression (the secondary endpoint) among patients treated with intravenous ketamine compared to those treated with placebo.

In Q3, the Company signed a data sharing agreement with the Centre Hospitalier Universitaire De Nîmes in France in order to permit deidentified patient level data to be transmitted by NRx to the FDA for regulatory purposes. The patient-level deidentified data have now been received by the Company and are being assembled in the electronic format required by the FDA. The Company has now negotiated access to similar patient-level data from an NIH-funded US-based clinical trial the findings of which confirm the KETIS trial. The Company believes that these multicenter, randomized prospective trials encompassing more than 240 participants, combined with randomized, prospective data on more than 200 US patients when submitted for review at a patient level will likely be sufficient to demonstrate preliminary safety and efficacy of intravenous ketamine in acutely suicidal patients. Data are expected to be transmitted to FDA by the end of Q4.

Submission of a New Drug Application for the use of ketamine is dependent upon submission of a manufacturing file documenting the manufacture of a presentation of ketamine suitable for single-patient use in the treatment of suicidal depression. In November 2023, the Company announced the signing of a development and manufacturing agreement with Nephron Pharmaceuticals (West Columbia, SC) to develop a single patient presentation of ketamine that is expected to overcome some of the formulation deficiencies of existing forms of ketamine (developed for anesthesia) and is expected to have diversion-resistant and tamper-resistant features. The company believes that this latter aspect is important because of the well-known uses of ketamine as a drug of abuse and as a vehicle for date rape.

The Company's current timeline entails the submission of a New Drug Application for ketamine in the first quarter of 2024 with a targeted PDUFA date in Q4 2024. Nephron has considerable experience in the manufacture of ketamine products and, therefore, the Company anticipates that two-year shelf stability at launch may be able to be achieved with six months of real-time accelerated stability.

As with the NRX-100 development project, the Company does not anticipate funding this initiative with core NRx assets and is exploring structures for a new entity that would provide current and new investors with both capital appreciation and a royalty stream. In support of that initiative, the Company received a non-binding term sheet in November 2023 for $30 million of new investment capital to support the establishment of a new, publicly-traded entity the shares of which would be initially owned by NRx, current shareholders of NRx, and by new investors. Establishment of this entity is expected to be a topic of discussion at NRx's upcoming annual meeting of shareholders.

New Therapeutic Targets:

The Company is exploring three new therapeutic targets for NRX-101 and related drugs: treatment of Chronic Pain, treatment of Urinary Tract Infection (UTI), and treatment of Post Traumatic Stress Disorder (PTSD).

Treatment of Chronic Pain:

The rationale for treatment of chronic pain with DCS is outlined in a 2016 scientific paper published by Schnitzer, et. al. and in the White Paper posted by the Company's Scientific Leadership (Sappko, et. al.). In brief, DCS as an N-methyl-D-aspartate ("NMDA") antagonist drug has demonstrated extensive nonclinical and early clinical efficacy in: (i) decreasing the response to nociceptive pain (i.e., pain triggered by pain receptors in the body) and (ii) decreasing craving for opioid drugs, with evidence that DCS is both nonaddictive and non-neurotoxic. In order to support its development of NRX-101 for treatment of chronic pain, the Company has licensed US Patent 8,653,120 from Apkarian Technologies and retained

NRX PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Prof. Apkar Vania Apkarian (the inventor) as a consultant to the Company. The Company believes that its ongoing composition of matter patents additionally apply to the use of NRX-101 in the treatment of chronic pain, as does its patent portfolio related to the treatment of fear memory with NRX-101.

In the course of its psychiatry-focused drug development program, the Company completed addiction studies, using standard self administered assays that demonstrate no potential for addiction from NRX-101 and its components. These findings are essential for consideration of NRX-101 as a potential treatment for chronic pain and distinguish NRX-101 from other NMDA antagonist drugs including ketamine and dextromethorphan.

The Company is awaiting results of a 200-person randomized prospective trial funded by the US Department of Defense (NCT 03535688) in which patients with chronic pain were randomly assigned to DCS 400mg/day vs. placebo. The investigators have identified primary completion of this trial as occurring in November 2023, with top-line results. Should these results support efficacy of D-cycloserine in the treatment of chronic low back pain, they are expected to provide a Breakthrough Therapy path towards treatment of chronic pain with DCS and DCS-containing medicines.

While awaiting these clinical trial results, the Company filed an Investigational New Drug (IND) application with the FDA and received a “Study May Proceed” letter for an IND-opening trial of NRX-101 in the treatment of Chronic Pain. The review by the FDA Division of Anesthesia, Analgesia, and Addiction Products identified no new non-clinical requirements beyond those already agreed to with the Division of Psychiatry Products, other than the need to extend certain animal safety studies to the longer (90 day) duration required for the treatment of chronic pain. Should the Department of Defense (DOD)-funded trial demonstrate efficacy, the Company anticipates that these data will also form a basis for a Breakthrough Therapy Designation filing.

At the initiative of the US Congress, the National Institutes of Health has established the multibillion dollar HEAL initiative (https://heal.nih.gov/research/clinical-research/eppic-net) combined with a national consortium of clinical trial sites (EPPICNET) to test innovative non-opioid medicines to treat Chronic Pain. The Company has submitted an application to EPPICNET for inclusion of NRX-101 in its clinical trial program. The Company anticipates that the HEAL initiative, additional DOD funding, and other non-dilutive sources of capital may be available, given the national focus on developing non-opioid, non-addictive pain medications.

Chronic pain affects more than 50 million American adults, compared to the approximately 3 million who report thoughts of suicide on an annual basis. There has been no new non-opioid class of drugs to treat nociceptive pain in the past two decades and NRX-101 is expected to be the first NMDA-antagonist drug to seek approval for this indication. Today, ketamine is used off label to treat nociceptive pain, despite its clear limitations (addiction, neurotoxicity, hallucination, and the need for IV administration.) Thus, should the DOD data provide encouraging findings, these findings may open a far larger market for NRX-101 than the originally-targeted psychiatry indications.

Treatment of PTSD:

The Company has previously identified the rationale for treating Post Traumatic Stress Disorder with NMDA antagonist drugs. Based on the near-term data associated with the use of DCS in chronic pain and recent in-licensing of US8653120, management has elected to apply available resources to the chronic pain indication in the near term.

Treatment of Urinary Tract Infection (UTI) and Urosepsis:

Although treatment of UTI is quite different from use of NRX-101 to treat Central Nervous System disorders, D-cycloserine was originally developed as an antibiotic because of its role in disrupting the cell wall of certain pathogens. This is true of a number of drugs used in psychiatry today. The use of D-cycloserine as an antibiotic fell out of favor in the 1970s because of the CNS effects caused by its NMDA-blocking properties and because of the widespread availability of

first and second generation antibiotics. However, D-cycloserine remains unique among antibiotics in its near-100% excretion in the urine and the ability to achieve high urinary tract levels of D-cycloserine with oral administration. DCS is not widely used, in part, because of its known propensity to cause hallucination at therapeutically effective doses. The Company believes that the combination of DCS with a 5-HT2A antagonist in NRX-101 has the potential to treat antibiotic-resistant urinary tract infections with decreased propensity to cause unwanted CNS effects.

In recent years, increased antibiotic resistance to common pathogens that cause urinary tract infections and urosepsis (i.e., sepsis originating in the urinary tract) has resulted in a marked increase in ComplicatedUTI (cUTI), hospitalization, and death from urosepsis. The US Center for Disease Control and Prevention reports that more than 1.7 million Americans contract sepsis each year, of whom at least 350,000 die during their hospitalization or are discharged to hospice (CDC Sepsis Ref.). D-cyloserine (DCS) is currently approved for the treatment of tuberculosis and its label states that it “may be effective” in treating urinary tract infection on a case-by-case basis with confirmatory laboratory data. In 2015 DCS was demonstrated to be effective against pathogens that are increasingly resistant to first- and second-line antibiotics. During Q3 2023, NRx contracted with Charles River Laboratories (CRL: Wilmington, MA) and tested NRX-101 and its components against resistant pathogens that appear on the Congressionally-mandated Qualified Infectious Disease Product list. NRX-101 appears from this study to be active against antibiotic-resistant *E. coli, Pseudomonas, and Acinetobacter*.

CRL has provided NRx with a research report performed under Good Laboratory Practices documenting in vitro data that we believe meet that published standards of the FDA Qualified infectious disease product (QIDP) program. Qualification for QIDP affords a sponsor five years of additional market exclusivity from FDA, regardless of patent status, together with Fast Track Designation and Priority Review. The Company believes that NRX-101 as an oral medication has the potential to demonstrate benefit in patients who would otherwise require intravenous third and fourth generation antibiotics. The Company believes that there are approximately 3 million patients per year who contract cUTI

Based on the in vitro study performed at CRL, the Company has submitted an Investigational New Drug application, requesting QIDP, Fast Track, and Priority Review designation.

As with the NRX-100 development project, the Company does not anticipate funding this initiative with core NRx assets and is exploring structures for a new entity that would provide current and new investors with both capital appreciation and a royalty stream. Should the Company succeed in serving 10% of the cUTI market, the Company believes that the potential royalty stream from NRX-101 has the potential to exceed $1 billion annually.

2. Liquidity

As of September 30, 2023, the Company had $ 8.9 million in cash. With the completion of enrollment in its clinical trial of NRX-101 for bipolar depression, the Company anticipates a reduction in its monthly cash expenditure. Since inception, the Company has experienced net losses and negative cash flows from operations each fiscal year. The Company has no revenues and expects to continue to incur operating losses for the foreseeable future and may never become profitable. The Company’s ability to support its ongoing capital needs is dependent on its ability to continue to raise equity and/or debt financing, which may not be available on favorable terms, or at all, in order to continue operations.

On March 8, 2023, NRx Pharmaceuticals entered into a securities purchase agreement (the “Securities Purchase Agreement”) with certain accredited investors (the “March Investors”), providing for the issuance and sale of 3,866,666 shares of the Company’s common stock (“Common Stock”) and warrants to purchase up to 3,866,666 shares of Common Stock (the “March Investor Warrants”) in a registered direct offering priced at-the-market under Nasdaq rules for a purchase price of $0.75 per share (the “March Offering”). The March Investor Warrants have an exercise price of $ 0.75 per share, are exercisable beginning on September 8, 2023 (the “March Initial Exercise Date”) and will expire 5 years from

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the March Initial Exercise Date. The aggregate gross proceeds to the Company from the March Offering were approximately $2.9 million. The closing of the sale of these securities occurred on March 9, 2023.

On June 6, 2023, the Company entered into a securities purchase agreement with certain institutional investors (the "June Investors"), providing for the issuance and sale of 9,670,002 shares of the Company's Common Stock and warrants to purchase up to 9,670,002 shares of Common Stock (the "June Investor Warrants"). The Common Stock was issued in a registered direct offering for a purchase price of $0.65 per share (the "June Offering") and the June Investor Warrants were offered pursuant to a private placement under Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). The June Investor Warrants have an exercise price of $0.6525 per share, are initially exercisable beginning six months following the date of issuance (the "June Initial Exercise Date") and will expire 5 years from the June Initial Exercise Date. The aggregate net cash proceeds to the Company from the June Offering were approximately $5.71 million.

On August28, 2023, the Company entered into a securities purchase agreement (the "Preferred Stock Securities Purchase Agreement") with certain purchasers (the "August Investors"), pursuant to which the Company issued 3,000,000 shares of the Company's SeriesA Convertible Preferred Stock, par value $ 0.001 per share (the "SeriesA Preferred Stock"), and one (1)investor warrant (each an "August Investor Warrant") for every share of SeriesA Preferred Stock issued. The shares of Series A Preferred Stock and the August Investor Warrants were offered pursuant to a private placement under Section 4(a)(2) of the Securities Act. Each August Investor Warrant entitles the holder to purchase one (1)share of Common Stock at a purchase price of$ 0.40per share. The aggregate purchase price for each share of SeriesA Preferred Stock and associated August Investor Warrant was $ 0.40. The August Investor Warrants are exercisable starting on the six month anniversary of the date of issuance and will have a term of five years from the date of issuance. The August Investor Warrants may also be exercised during the initial six-month period after issuance, at the option of the August Investors, if the closing share price of the Common Stock equals or exceeds $1.20per share on any trading day. The aggregate net cash proceeds to the Company from the August Offering were approximately $ 1.2 million.

The Company's ongoing clinical activities continue to generate losses and net cash outflows from operations. The Company plans to pursue additional equity or debt financing or refinancing opportunities in 2023 to fund ongoing clinical activities, to meet obligations under its current debt arrangements and for the general corporate purposes of the Company. Such arrangements may take the form of loans, equity offerings, strategic agreements, licensing agreements, joint ventures or other agreements. The sale of equity could result in additional dilution to the Company's existing shareholders. The Company cannot make any assurances that additional financing will be available to it and, if available, on acceptable terms, or that it will be able to refinance its existing debt obligations which could negatively impact the Company's business and operations and could also lead to a reduction in the Company's operations. We will continue to carefully monitor the impact of our continuing operations on our working capital needs and debt repayment obligations. As such, the Company has concluded that substantial doubt exists about the Company's ability to continue as a going concern for a period of at least twelve months from the date of issuance of these unaudited condensed consolidated financial statements. The Company may raise substantial additional funds, and if it does so, it may do so through one or more of the following: issuance of additional debt or equity and/or the completion of a licensing or other commercial transaction for one of the Company's product candidates.

The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

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3. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") as determined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the unaudited interim condensed financial statements reflect all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the balance sheet, statements of operations and cash flows for the interim periods presented. The results of operations for any interim periods are not necessarily indicative of the results that may be expected for the entire fiscal year or any other interim period.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and the disclosure of contingent assets and liabilities in its financial statements and the reported amounts of expenses during the reporting period. The most significant estimates in the Company's financial statements relate to the convertible note payable, earnout cash liability, stock options, warrants, and the valuation allowance of deferred tax assets resulting from net operating losses. These estimates and assumptions are based on current facts, historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the recording of expenses that are not readily apparent from other sources. Actual results may differ materially and adversely from these estimates. To the extent there are material differences between the estimates and actual results, the Company's future results of operations will be affected.

Certain Risks and Uncertainties

The Company's activities are subject to significant risks and uncertainties including the risk of failure to secure additional funding to properly execute the Company's business plan. The Company is subject to risks that are common to companies in the pharmaceutical industry, including, but not limited to, development by the Company or its competitors of new technological innovations, dependence on key personnel, reliance on third party manufacturers, protection of proprietary technology, and compliance with regulatory requirements.

Fair Value of Financial Instruments

ASC 820, *Fair Value Measurements*, provides guidance on the development and disclosure of fair value measurements. Under this accounting guidance, fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability.

The accounting guidance classifies fair value measurements in one of the following three categories for disclosure purposes:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 prices for similar assets or liabilities that are directly or indirectly observable in the marketplace.

Level 3: Unobservable inputs which are supported by little or no market activity and values determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation. (Refer to Note 11)

Concentration of Credit Risk and Off-Balance Sheet Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash equivalents are occasionally invested in certificates of deposit. The Company maintains each of its cash balances with high-quality and accredited financial institutions and accordingly, such funds are not exposed to unusual credit risk beyond the normal credit risk associated with commercial banking relationships. Deposits in financial institutions may, from time to time, exceed federally insured limits. The Company has not experienced any losses on its deposits of cash. The Company maintains a portion of its cash and cash equivalent balances in the form of a money market account with a financial institution that management believes to be creditworthy.

Revenue Recognition

Arrangements may include licenses to intellectual property, research services and participation on joint research committees. The Company evaluates the promised goods or services to determine which promises, or group of promises, represent performance obligations. In contemplation of whether a promised good or service meets the criteria required of a performance obligation, the Company considers the stage of research, the underlying intellectual property, the capabilities and expertise of the customer relative to the underlying intellectual property, and whether the promised goods or services are integral to or dependent on other promises in the contract. When accounting for an arrangement that contains multiple performance obligations, the Company must develop judgmental assumptions, which may include market conditions, timelines and probabilities of regulatory success to determine the stand-alone selling price for each performance obligation identified in the contract.

The Company enters into contractual arrangements that may include licenses to intellectual property and research and development services. When such contractual arrangements are determined to be accounted for in accordance with ASC 606, *Revenue from Contracts with Customers* (“ASC 606”), the Company evaluates the promised good or services to determine which promises, or group of promises, represent performance obligations. When accounting for an arrangement that contains multiple performance obligations, the Company must develop judgmental assumptions, which may include market conditions, timelines and probabilities of regulatory success to determine the stand-alone selling price for each performance obligation identified in the contract.

The License Agreement with Alvogen as further discussed in Note 6 below is accounted for in accordance with ASC 606. In accordance with ASC 606, the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, it performs the following five steps:

i. identify the contract(s) with a customer;
ii. identify the performance obligations in the contract;
iii. determine the transaction price;
iv. allocate the transaction price to the performance obligations within the contract; and
v. recognize revenue when (or as) the entity satisfies a performance obligation.

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The Company only applies the five-step model to contracts when it determines that it is probable it will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer.

At contract inception, once the contract is determined to be within the scope of ASC 606, the Company assesses the goods or services promised within the contract to determine whether each promised good or service is a performance obligation. The promised goods or services in the Company's arrangements typically consist of a license to intellectual property and research services. The Company may provide options to additional items in such arrangements, which are accounted for as separate contracts when the customer elects to exercise such options, unless the option provides a material right to the customer. Performance obligations are promises in a contract to transfer a distinct good or service to the customer that (i) the customer can benefit from on its own or together with other readily available resources, and (ii) is separately identifiable from other promises in the contract. Goods or services that are not individually distinct performance obligations are combined with other promised goods or services until such combined group of promises meet the requirements of a performance obligation.

The Company determines transaction price based on the amount of consideration the Company expects to receive for transferring the promised goods or services in the contract. Consideration may be fixed, variable, or a combination of both. At contract inception for arrangements that include variable consideration, the Company estimates the probability and extent of consideration it expects to receive under the contract utilizing either the most likely amount method or expected amount method, whichever best estimates the amount expected to be received. The Company then considers any constraints on the variable consideration and includes in the transaction price variable consideration to the extent it is deemed probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Company then allocates the transaction price to each performance obligation based on the relative standalone selling price and recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) control is transferred to the customer and the performance obligation is satisfied. For performance obligations which consist of licenses and other promises, the Company utilizes judgment to assess the nature of the combined performance obligation to determine whether the combined performance obligation is satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress. The Company evaluates the measure of progress each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

The Company records amounts as accounts receivable when the right to consideration is deemed unconditional. When consideration is received, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded as deferred revenue.

The Company's revenue arrangements include the following:

Milestone Payments: At the inception of an agreement that includes milestone payments, the Company evaluates each milestone to determine when and how much of the milestone to include in the transaction price. The Company first estimates the amount of the milestone payment that the Company could receive using either the expected value or the most likely amount approach. The Company primarily uses the most likely amount approach as that approach is generally most predictive for milestone payments with a binary outcome. Then, the Company considers whether any portion of that estimated amount is subject to the variable consideration constraint (that is, whether it is probable that a significant reversal of cumulative revenue would not occur upon resolution of the uncertainty.) The Company updates the estimate of variable consideration included in the transaction price at each reporting date which includes updating the assessment of the likely amount of consideration and the application of the constraint to reflect current facts and circumstances.

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Royalties: For arrangements that include sales-based royalties, including milestone payments based on a level of sales, and the license is deemed to be the predominant item to which the royalties relate, the Company will recognize revenue at the later of (i) when the related sales occur, or (ii) when the performance obligation to which some or all of the royalty has been allocated has been satisfied (or partially satisfied).

Research Services: The Company is incurring research costs in association with the Alvogen agreement. After the First Milestone Payment (as defined in Note 6 below), the Company will be reimbursed for certain costs incurred related to reasonable and documented out-of-pocket costs for clinical and non-clinical development activities. The Company will recognize revenue for the reimbursed costs when the First Milestone Payment contingencies have been achieved and the Company has an enforceable claim to the reimbursed costs.

See Note 6, “Alvogen Licensing Agreement”, for further information on the application of ASC 606 to the License Agreement.

Research and Development Costs

The Company’s research and development expenses consist primarily of costs associated with the Company’s clinical trials, salaries, payroll taxes, employee benefits, and stock-based compensation charges for those individuals involved in ongoing research and development efforts. Research and development costs are expensed as incurred. Advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received.

Convertible Note Payable

As permitted under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 825, Financial Instruments (“ASC 825”), the Company elects to account for its convertible promissory note, which meets the required criteria, at fair value at inception and at each subsequent reporting date. Subsequent changes in fair value are recorded as a component of non-operating loss in the consolidated statements of operations. The portion of total changes in fair value of the convertible note attributable to changes in instrument-specific credit risk are determined through specific measurement of periodic changes in the discount rate assumption exclusive of base market changes and are presented as a component of comprehensive income in the accompanying Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss. As a result of electing the fair value option, direct costs and fees related to the convertible promissory notes are expensed as incurred.

The Company estimates the fair value of the convertible note payable using a Monte Carlo simulation model, which uses as inputs the fair value of our common stock and estimates for the equity volatility and volume volatility of our common stock, the time to expiration of the convertible note, the risk-free interest rate for a period that approximates the time to expiration, and probability of default. Therefore, we estimate our expected future volatility based on the actual volatility of our common stock and historical volatility of our common stock utilizing a lookback period consistent with the time to expiration. The time to expiration is based on the contractual maturity date, giving consideration to the mandatory and potential accelerated redemptions beginning six months from the issuance date. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of measurement for time periods approximately equal to the time to expiration. Probability of default is estimated using Bloomberg's Default Risk function which uses our financial information to calculate a default risk specific to the Company.

Stock-Based Compensation

The Company expenses stock-based compensation to employees and non-employees over the requisite service period based on the estimated grant-date fair value of the awards. The Company accounts for forfeitures as they occur. Stock-

based awards with graded-vesting schedules are recognized on a straight-line basis over the requisite service period for each separately vesting portion of the award. The Company estimates the fair value of stock option grants using the Black-Scholes option pricing model, and the assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment. The Company estimates the fair value of restricted stock award grants using the closing trading price of the Company's common stock on the date of issuance. All stock-based compensation costs are recorded in general and administrative or research and development costs in the consolidated statements of operations based upon the underlying individual's role at the Company.

Warrants

The Company accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC 480, *Distinguishing Liabilities from Equity* ("ASC 480") and ASC 815, *Derivatives and Hedging* ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common stock and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be liability classified and recorded at their initial fair value on the date of issuance and remeasured at fair value and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. The fair value of the Private Placement Warrants (as defined below) was estimated using a Black Scholes valuation approach and the fair value of the Substitute Warrants (as defined below) was estimated using a modified Black Scholes valuation approach which applies a probability factor based on the probabilities of achieving earnout cash milestone and/or earnout shares milestone at each reporting period (see Notes 9 and 11).

Modification of Warrants

A change in any of the terms or conditions of warrants is accounted for as a modification. The accounting for incremental fair value of warrants is based on the specific facts and circumstances related to the modification which may result in a reduction of additional paid-in capital, recognition of costs for services rendered, or recognized as a deemed dividend.

Preferred Stock

In accordance with ASC 480, *Distinguishing Liabilities from Equity*, the Company's Series A Preferred Stock is classified as permanent equity as it is not mandatorily redeemable upon an event that is considered outside of the Company's control. Further, in accordance with ASC 815-40, *Derivatives and Hedging – Contracts in an Entity's Own Equity* , the Series A Preferred Stock does not meet any of the criteria that would preclude equity classification. The Company concluded that the Series A Preferred Stock is more akin to an equity-type instrument than a debt-type instrument, therefore the conversion features associated with the convertible preferred stock were deemed to be clearly and closely related to the host instrument and were not bifurcated as a derivative under ASC 815.

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Income Taxes

Income taxes are recorded in accordance with ASC 740, *Income Taxes* ("ASC 740"), which provides for deferred taxes using an asset and liability approach. The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are provided, if based upon the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company accounts for uncertain tax positions in accordance with the provisions of ASC 740. When uncertain tax positions exist, the Company recognizes the tax benefit of tax positions to the extent that the benefit would more likely than not be realized assuming examination by the taxing authority. The determination as to whether the tax benefit will more likely than not be realized is based upon the technical merits of the tax position as well as consideration of the available facts and circumstances. The Company recognizes any interest and penalties accrued related to unrecognized tax benefits as income tax expense.

Loss Per Share

Basic loss per share of common stock is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding for the period. Diluted loss per share reflects the potential dilution that could occur if stock options, restricted stock awards and warrants were to vest and be exercised. Diluted earnings per share excludes, when applicable, the potential impact of stock options, common stock warrant shares, convertible notes, and other dilutive instruments because their effect would be anti-dilutive in the periods in which the Company incurs a net loss.

The following outstanding shares of common stock equivalents were excluded from the computation of the diluted net loss per share attributable to common stock for the periods in which a net loss is presented because their effect would have been anti-dilutive.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Stock options	2,548,849	2,654,579	2,548,849	2,654,579
Restricted stock awards	666,667	1,000,000	666,667	1,000,000
Convertible preferred stock	3,000,000	—	3,000,000	—
Common stock warrants	33,021,591	17,521,753	33,021,591	17,521,753
Earnout Shares	—	22,209,280	—	22,209,280
Earnout Shares from exercised Substitute Options and Substitute Warrants	—	1,229,925	—	1,229,925

Recent Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies and are adopted by the Company as of the specified effective date. For the nine months ended September 30, 2023, there were no new accounting pronouncements or updates to recently issued accounting pronouncements disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2022, that management believes materially affect the Company's present or future results of operations, overall financial condition, liquidity or disclosures.

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4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following at the dates indicated (in thousands):

	September 30, 2023 (Unaudited)	December 31, 2022
Prepaid expenses and other current assets:		
Prepaid clinical development expenses	$ 1,999	$ 1,966
Prepaid insurance	1,517	3,167
Other prepaid expenses	665	331
Prepaid legal expenses	—	270
Other current receivables	6	7
Total prepaid expenses and other current assets	$ 4,187	$ 5,741

5. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following at the dates indicated (in thousands):

	September 30, 2023 (Unaudited)	December 31, 2022
Accrued and other current liabilities:		
Other accrued expenses	$ 173	$ 2,616
Accrued employee expenses	739	923
Accrued research and development expenses	1,045	974
Professional services	2,771	342
Total accrued and other current liabilities	$ 4,728	$ 4,855

6. Alvogen Licensing Agreement

On June 2, 2023, the Company entered into the License Agreement with Alvogen. The Company and Alvogen are referred to below individually as a “Party” and collectively as the “Parties.”

License Grant

Under the License Agreement, the Company granted Alvogen an exclusive (even as to the Company and its affiliates) worldwide, transferable and sublicensable license under certain intellectual property (including patents, know-how and trademarks) owned or controlled by the Company to develop (with certain limitations), manufacture, and commercialize the Company’s candidate therapeutic product, NRX-101, for the treatment of bipolar depression with suicidality. The term of the license is, on a country-by-country basis, 20 years from the first commercial sale of NRX-101 in such country, extendable by Alvogen for a two-year period upon its request made prior to the expiration of such 20-year period. During the term of the License Agreement, the Parties agree (on behalf of themselves and their affiliates) not to research, develop, seek or obtain any regulatory approval for the manufacturing, marketing, sale, or other commercialization of any product containing a fixed dose combination of D-cycloserine and lurasidone in the treatment of bipolar depression with suicidality, nor to authorize or assist (including by investing in or otherwise providing funding to) any third party to do so.

During the term, the Company is permitted to develop additional products containing D-cycloserine in combination with one or more other active antidepressant or antipsychotic ingredients for use outside of the field of treatment of bipolar

depression with suicidality, such as in post-traumatic stress disorder (PTSD) or chronic pain in depression, in which case, if the Company wishes to license rights to develop or commercialize such additional products or indications, Alvogen has a right of first negotiation to obtain such a license.

Term and Termination

The License Agreement will remain in force until the earlier to occur of (i) 20 years following the first commercial sale of NRX-101 on a country-by-country basis (which may be extended for a two-year period at Alvogen's request), and (ii) the date that the agreement is terminated under its early termination provisions. Early termination grounds include, subject to applicable cure periods, a material breach of agreement by the other Party, the bankruptcy or insolvency of the other Party, or a party's reasonable belief that there is an unacceptable risk for harm in humans based upon preclinical safety data or the observation of serious adverse effects in humans.

In addition, Alvogen has the right to early termination if (i) the phase 2 study relating to NRX-101 is not completed and/or a successful read out from the study does not occur by March 31, 2024, or (ii) there is no completion of a Type B meeting with the FDA by March 31, 2024. Alvogen may also terminate upon sixty (60) days' prior written notice to the Company at any time after the First Milestone Payment (as defined below) has been made. The Company also has the right to terminate the License Agreement if the current phase 2 study successfully concludes prior to March 31, 2024 and the Type B meeting with the FDA is completed by March 31, 2024 and Alvogen does not notify the Company within 60 days that it wishes to proceed with the development of NRX-101 or has not paid the First Milestone Payment.

Upon expiration or termination of the License Agreement, the intellectual property rights licensed to Alvogen under the License Agreement will revert to the Company, and all other rights and obligations of each of the parties will immediately cease, except for ant outstanding amounts owed as of the time of such expiration or termination. Upon termination, Alvogen will grant to the Company an exclusive irrevocable, perpetual, worldwide, royalty-bearing, sublicensable, transferrable license under the NDA rights to develop, manufacture, have manufactured, or commercialize the product in the field of bipolar depression with suicidality. Such reversion license would be granted by Alvogen to the Company in exchange for an equitable royalty payable by the Company to Alvogen that would be negotiated and agreed in good faith by the parties within 30 business days of such matter being presented to them.

Milestone Payments

In exchange for the license grant and the participation of the Company in the development, regulatory and commercial activities described below, Alvogen will pay the Company an initial $10 million cash payment upon the later of a positive data read-out from the Company's ongoing Phase 2b/3 clinical trial and completion of the Type B meeting with the U.S. FDA (the "First Milestone Payment"). A second milestone payment of $5 million (the "Approval Payment") is due upon Alvogen's receipt of a copy of the FDA's notice of NDA Approval for Product with the label indication for the treatment of bipolar depression with sub-acute or acute suicidality. Additional bonus milestone payments of increasing amounts up to $330 million will be payable upon the achievement of net sales targets measured over the trailing four quarters. Alvogen also will pay royalties (as described below) to the Company based on the net sales of NRX-101, with a reduction in royalties on a country-by-country basis upon expiration or termination of the Company's patent protection on the NRX-101 composition.

Royalties

Subject to certain adjustments for sublicensing and other deductions, commencing on the first commercial sale of NRX-101, Alvogen has agreed to pay to the Company tiered royalties calculated on the basis of a percentage, ranging from the low to mid-teens, of annual net sales of NRX-101 measured over the trailing four quarters. In addition, if Alvogen sublicenses NRX-101 in any country other than the U.S. (in which the royalty rates described above will apply), Alvogen

will pay the Company a percentage of any and all consideration received by Alvogen or its affiliates from sublicensing any of the rights granted.

Development and Regulatory Activities

Prior to payment of the First Milestone Payment by Alvogen to the Company, each Party has agreed to perform, at its own cost, certain development activities using diligent efforts and in accordance with applicable then-current good manufacturing and other applicable practices, laws and regulations, with the goal of supporting the preparation and filing of an NDA and obtaining regulatory approval for NRX-101. Until the payment of the First Milestone Payment, the Company has the sole right to control and responsibility for all regulatory matters relating to NRX-101, at its sole cost and expense, and the Company shall own all regulatory materials and own all worldwide regulatory approvals for NRX-101.

After the payment of the First Milestone Payment, Alvogen has the sole right and responsibility, at its cost and expense, for all regulatory matters relating to NRX-101, and Alvogen will own all regulatory materials and all regulatory approvals for the product in the licensed territory (and the Company will assign all of its rights in any regulatory materials to Alvogen). Each party has committed to reasonably cooperate with the other in carrying out the development and regulatory activities outlined in the development plan. In addition, Alvogen has agreed to fund the next registrational study of NRX-101 in the field of treatment of bipolar depression with suicidality.

Upon NDA approval of the product in the U.S., Alvogen has agreed to use diligent efforts to commercialize NRX-101 in the U.S., and, for 24 months following such approval, in other countries in the territory upon regulatory approval in each such country. If Alvogen does not commercialize NRX-101 in a country outside of the U.S. in the foregoing 24-month period, then the license may revert back to the Company with respect to such country and the Company would pay Alvogen tiered royalties in the low to mid-teens based on net sales of NRX-101 in such country. The Parties will also enter into a pharmacovigilance agreement to ensure compliance with safety reporting requirements of all applicable regulatory agencies globally with respect to the commercialization of NRX-101.

Commercial Activities

Under the License Agreement, the Company is responsible for and will control the manufacturing of the NRX-101 commercial product and for qualification and regulatory-related activities necessary for the manufacture of the product. The Parties intend to enter into a clinical supply agreement (and a related quality agreement) on reasonable and customary terms, in which the Company will supply Alvogen raw materials and/or finished product without any markup to the future supply price from the Company's current contract manufacturer. Similarly, prior to initiation of the first Phase 3 study for the commercial product, the Parties will enter into a commercial supply agreement (and a related quality agreement) on reasonable and customary terms, in which the Company will supply Alvogen raw materials and/or finished product without any markup to the future supply price from NRx's current contract manufacturer. At any time after NDA approval, Alvogen may elect to manufacture, fill and package the product itself or through a third-party supplier subject to the prior approval of the Company. In such case, the parties may also work together to establish a written manufacturing technology transfer plan to transfer manufacturing technology from the Company or the Company's contract manufacturer to Alvogen or Alvogen's designated third party supplier. The Company has agreed, as a part of its manufacturing commitments, to make available its qualified technical personnel to consult with Alvogen to complete transfer of the manufacturing technology if required under the License Agreement.

Following NDA approval, Alvogen will control and be responsible for advertising, marketing, promotion and marketing, pricing, and terms of sale for the product, all at Alvogen's sole expense. Alvogen has committed to not shift, allocate, price or discount sales of the product for the purpose of reducing or disadvantaging the net sales of the product in order to reduce the payments owed by Alvogen to the Company under the License Agreement.

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As of September 30, 2023, the Company has not achieved any milestones nor recognized any revenue associated with the License Agreement.

7. Debt

Convertible Note

On November 4, 2022, we issued an 9% redeemable promissory note (as amended, the "Note") to Streeterville Capital, LLC, a Utah limited liability company ("Streeterville"), for an aggregate principal amount of $11.0 million. The Note matures 18 months from the date of issuance subject to certain acceleration provisions. The Note carries an original issue discount of $1.0 million which was deducted from the principal balance of the Note. The net proceeds from the issuance of the Note was $10.0 million after transaction costs including the original issue discount, legal and other fees are included.

The Company has the option to prepay the Note during the term by paying an amount equal to 110% of the principal, interest, and fees owed as of the prepayment date. The noteholder has the right to redeem up to $1.0 million of the outstanding balance of the Note per month starting six months after the issuance date. Payments may be made by the Company at their option in: (i) in cash with a 10% premium for the amount redeemed, (ii) by paying the redemption amount in the form of shares of Common Stock with the number of redemption shares being equal to the portion of the applicable redemption amount divided by the Redemption Conversion Price (as defined below), or (iii) a combination of cash and shares of common stock. The "Redemption Conversion Price" on any given redemption date equals 85% multiplied by the average of the two lowest daily volume weighted average prices per share of the common stock during the ten trading days immediately preceding the date that the noteholder delivers notice electing to redeem a portion of the Note. Beginning May 1, 2023, in the event (a) the daily dollar trading volume of the common stock of the Company on any given trading day is at least fifty percent (50%) greater than the lower of (i) the median daily dollar trading volume over the previous ten (10) trading days or (ii) the daily dollar trading volume on the trading day immediately preceding the date of measurement or (b) if the closing trade price on any given trading day is at least thirty percent (30%) greater than the Nasdaq Minimum Price, then the lender will be entitled to redeem over the following ten (10) trading days an amount of indebtedness then outstanding under the Note equal to twice the monthly redemption amount of $1.0 million solely by payment by stock, if permitted under the agreement, subject to the Maximum Percentage (as defined in the Note) and other ownership limitations. On March 30, 2023, the Company entered into an Amendment to the Note (the "First Amendment"), pursuant to which the Maximum Percentage was set at 9.99% of the number of shares of Common Stock outstanding on a given date.

On July 7, 2023, the Company entered into Amendment #2 to the Note with Streeterville (the "Second Amendment"). Pursuant to the Second Amendment, the Company agreed to amend the redemption provisions of the Note to provide that the Company would pay to Streeterville an amount in cash equal to $1,800,000 on or before July 10, 2023, which amount was paid on July 10, 2023. In addition, the Company agreed that, beginning on or before July 31, 2023, and on or before the last day of each month until December 31, 2023 (the "Minimum Payment Period"), we would pay Streeterville an amount equal to $400,000 in cash (a "Minimum Payment"), less any amount satisfied by the delivery of Redemption Conversion Shares (as defined below). Notwithstanding the foregoing, Streeterville may also submit a request for redemption of up to an aggregate of $1,000,000 per month (the "Maximum Monthly Redemption Amount" and, together with the Minimum Payment Amount, the "Redemption Amounts") in accordance with the terms of the Note. However, the portion of each Minimum Payment that is not satisfied by the delivery of Redemption Conversion Shares is the maximum amount of cash we will be required to pay in accordance with the Second Amendment during the Minimum Payment Period. The redemption of the Maximum Monthly Redemption Amount in excess of the Minimum Amount may be satisfied by the delivery of additional Redemption Conversion Shares.

During the Minimum Payment Period, the Company is permitted to pay the Redemption Amounts in the form of shares of common stock of the Company (the "Redemption Conversion Shares") calculated on the basis of the Redemption

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Conversion Price (as defined in the Note) without regard to the existence of an Equity Conditions Failure. Moreover, the Redemption Premium (as defined in the Note) will continue to apply to the Redemption Amounts. This amendment was deemed to be a debt modification in accordance with ASC 470, Debt, which will be accounted for prospectively. The modification does not result in recognition of a gain or loss in the consolidated statement of operations but does impact interest expense recognized in the future.

The Note contains certain Trigger Events (as defined in the Note) that generally, if uncured within five trading days, may result in an event of default in accordance with the terms of the Notes (such event, an "Event of Default"). Upon an Event of a Default, the Lender may consider the Note immediately due and payable. Upon an Event of Default, the interest rate may also be increased to the lesser of 18% per annum or the maximum rate permitted under applicable law. As of September 30, 2023, the Company was in compliance with the Note's terms and there were no Events of Default.

Due to these embedded features within the Note, the Company elected to account for the Note at fair value at inception. Subsequent changes in fair value are recorded as a component of other income (loss) in the Consolidated Statements of Operations.

The Company estimates the fair value of the convertible note payable using a Monte Carlo simulation model, which uses as inputs the fair value of our common stock and estimates for the equity volatility and volume volatility of our common stock, the time to expiration of the convertible note, the risk-free interest rate for a period that approximates the time to expiration, and probability of default. Therefore, we estimate our expected future volatility based on the actual volatility of our common stock and historical volatility of our common stock utilizing a lookback period consistent with the time to expiration. The time to expiration is based on the contractual maturity date, giving consideration to the mandatory and potential accelerated redemptions beginning six months from the issuance date. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of measurement for time periods approximately equal to the time to expiration. Probability of default is estimated using Bloomberg's Default Risk function which uses our financial information to calculate a default risk specific to the Company.

The discount to the principal amount is included in the carrying value of the Note. During 2022, the Company recorded a debt discount of approximately $1.0 million upon issuance of the Note for the original issue discount of $ 1.0 million. As a result of electing the fair value option, any direct costs and fees related to the Note was expensed as incurred. For the three and nine months ended September 30, 2023, the Company recorded a change in fair value of the Note of approximately $2.8 and $0.4 million, respectively, which was recognized in other income (expense) on the Unaudited Condensed Consolidated Statement of Operations as a result of the Company's election of the fair value option.

During the three and nine months ended September 30, 2023, the Company made cash interest payments on the Note of approximately $0.5 million and $0.7 million, respectively, and issued shares of Common Stock as interest repayment of $0.1 million and $0.1 million, respectively. During the three and nine months ended September 30, 2023, the Company made cash principal repayments on the Note of approximately $1.7 million and $1.8 million, respectively, and issued shares of Common Stock as principal repayment of $0.9 million and $0.9 million, respectively.

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The following table presents the Note as of September 30, 2023 (in thousands):

	September 30, 2023 (Unaudited)	December 31, 2022
Par value of the Note	$ 11,020	$ 11,020
Debt discount	(497)	(1,000)
Repayment of principal and interest	(3,270)	—
Carrying value of the Note before current period change in fair value	7,253	10,020
Fair value adjustment through earnings	2,794	505
Fair value adjustment through accumulated other comprehensive income	22	—
Total carrying value of Note	$ 10,069	$ 10,525
Convertible note payable - current portion	$ 10,069	$ 7,703
Convertible note payable, net of current portion	$ —	$ 2,822

8. Commitments and Contingencies

Exclusive License Agreement

The Company has entered into a License Agreement with Apkarian Technologies to in-license US Patent 8,653,120 that claims the use of D-cycloserine for the treatment of chronic pain in exchange for a commitment to pay milestones and royalties as development milestones are reached in the field of chronic pain. The patent is supported by extensive nonclinical data and early clinical data that suggest the potential for NMDA antagonist drugs, such as NRX-101 to decrease both chronic pain and neuropathic pain while potentially decreasing craving for opioids. As of September 30, 2023, the Company has recorded $0.2 million worth of expenses relating to the licensure of the patent recorded in R&D patents expense on the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Operating Lease

The Company leases office space on a month-to-month basis. The rent expense for the three and nine months ended September 30, 2023 was less than $0.1 million and less than $0.1 million, respectively.

Sponsored Research Agreement with National Jewish Health

On February 8, 2021, the Company entered into a Sponsored Research Agreement (“Research Agreement”) with National Jewish Health (“NJ Health”), a Colorado not-for-profit institution. Under the terms of the Research Agreement, the Company agreed to sponsor a research study at NJ Health relating to the impact of the Company’s' former product candidate Aviptadil on propagation of SARS-CoV-2 in alveolar type II cells in vitro (the “Study”). In return for performance of the Study under the Research Agreement, the Company has committed to pay NJ Health approximately $0.4 million upon finalization of the work. As of September 30, 2023, the Company has fully paid NJ Health the total committed amount under this agreement.

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Relief Therapeutics Collaboration Agreement

On September 18, 2020, the Company entered into a collaboration agreement (the "Collaboration Agreement") with Relief Therapeutics for the clinical development and, if approved, the sale of Aviptadil. The Collaboration Agreement provides for funding by Relief Therapeutics of certain clinical trials, formulation and manufacturing of Aviptadil, as well as establishing specified sales territories for each party and share of the profits in those territories for "Product" as defined in the Collaboration Agreement. On October 6, 2021, Relief Therapeutics filed a lawsuit against the Company and its former CEO claiming that the Company failed to honor its obligations under the Collaboration Agreement, which was followed by a counter claim from the Company for breach and repudiation of the Collaboration Agreement by Relief Therapeutics.

On November 12, 2022, the Company entered into a Settlement Agreement and Asset Purchase Agreement ("APA") with Relief Therapeutics Holding AG and Relief Therapeutics International (the "Relief Parties") to settle the outstanding lawsuit with respect to the Collaboration Agreement.

Under the APA, the Company transferred to the Relief Parties all of the Company's interest in ZYESAMI (or the "Product" as such term is defined in the Collaboration Agreement), including intellectual property, FDA applications, clinical trial data, drug and API inventory and certain contractual rights. The Company has agreed to refrain from developing any product for any indication that uses or otherwise exploits the Product without the Relief Parties' consent.

The Relief Parties have agreed to use commercially reasonable efforts to develop, market, and commercialize the Product, and have sole discretion to select the indications for which they will seek to develop the Product. Although the Company intends to monitor the progress of the Relief Parties under the APA and enforce the Company's rights thereunder, there can be no assurances that the Relief Parties will be successful at commercializing the Product.

Upon commercial launch of the Product by the Relief Parties or any of their affiliates, licensees or sublicensees (or upon authorization of use for any indication of the Product other than COVID-19), the Company is entitled to receive milestone payments in stages up to an aggregate amount of $13.0 million. The Relief Parties have also agreed to pay royalties to the Company on aggregate net sales of all Products, subject to a cap on royalty payments of $30.0 million in the aggregate. In addition, Relief is obligated to use commercially reasonable efforts to continue the Company's existing Right to Try Program until December 2024.

Mutual indemnity provisions in the APA will protect each party from any breaches of the settlement arrangements by the other party, provided, that the Company's indemnity obligations will not start until the Relief Parties have begun making royalty or milestone payments to the Company, subject to certain exceptions. With respect to the Company, there is an indemnity threshold such that the Company will not be liable for any indemnity claims until such claims are in excess of $0.5 million (and then only for the amount above $ 0.5 million). The Company's indemnity obligation is capped at $ 2.0 million with respect to breaches of representations and warranties and $3.0 million with respects to breaches of covenants or other agreements. Additionally, subject to certain exceptions, the Company's indemnity obligations cannot exceed the amount that the Relief Parties actually pay to the Company for milestone and royalty payments. The parties closed the APA in December 2022 at which time all claims and counterclaims between the Company and the Relief Parties were dismissed with prejudice.

Legal Proceedings

From time to time the Company is involved in litigation, claims, and other proceedings arising in the ordinary course of business. Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur.

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Share Subscription Facility Agreement - GEM

NeuroRx entered into a share subscription facility agreement (the "GEM Agreement") with GEM Global Yield LLC SCS and GEM Yield Bahamas Limited (collectively, referred to as "GEM") with a three-year term which expired in October 2022. The GEM Agreement was never activated because of differences between the Hong Kong law under which the agreement was drafted and US Securities law.

On August 12, 2022, the Company received a demand for arbitration (the "Demand") from GEM. The Demand claimed that NeuroRx, failed to satisfy its obligation to pay GEM a commitment fee in the amount of HK$15,000,000 (approximately US$1,919,565 at current exchange rates) pursuant to the GEM Agreement.

On July 17, 2023, NeuroRx and GEM entered into a settlement and release agreement (the "Settlement Agreement") pursuant to which the parties agreed to dismiss the arbitration proceeding with prejudice. Pursuant to the Settlement Agreement on August 31, 2023, the Company issued 675,676 shares of Common Stock to GEM in full satisfaction of the Settlement Agreement for the approximately $0.3 million which was previously accrued and expensed as "Settlement expense." The shares are registered under a prospectus supplement to the Company's registration statement on Form S-3 and are subject to a restriction that they cannot be sold or traded for a period of six months from the effective date of the Settlement Agreement.

Other Legal Actions:

We are currently involved in and may from time to time become involved in various legal actions incidental to our business. As of the date of this report, we are not involved in any legal proceedings that we believe could have a material adverse effect on our financial position or results of operations. However, the outcome of any current or future legal proceeding is inherently difficult to predict and any dispute resolved unfavorably could have a material adverse effect on our business, financial position, and operating results.

9. Equity

Common Stock

Pursuant to the terms of the Company's Second Amended and Restated Certificate of Incorporation, the Company has authorized 500,000,000 shares of common stock with a par value of $0.001.

As discussed above in Note 2, on March 8, 2023, NRx Pharmaceuticals entered into a securities purchase agreement with the March Investors, providing for the issuance and sale of 3,866,666 shares of Common Stock and the March Investor Warrants to purchase up to 3,866,666 shares of Common Stock in a registered direct offering priced at-the-market under Nasdaq rules for a purchase price of $0.75 per share. The March Investor Warrants have an exercise price of $0.75 per share, are exercisable beginning on September 8, 2023 and will expire 5 years from the March Initial Exercise Date. The March Investors agreed not to transfer the Common Stock for six months following the date of issuance. The aggregate gross proceeds to the Company from the March Offering were approximately $2.9 million. The Company intends to use the net proceeds from such offering for working capital and general corporate purposes. The closing of the sale of these securities occurred on March 9, 2023. The securities were issued pursuant to the Company's registration statement on Form S-3 filed with the SEC on June 9, 2022 (File No. 333-265492) which became effective on June 21, 2022.

On February 8, 2023, the Company entered into a letter agreement with H.C. Wainwright & Co., LLC. Although they did not act as the placement agent with respect to the March Offering, H.C. Wainwright & Co., LLC was paid a cash fee equal to 3.0% of the amount raised, or approximately $ 0.1 million, pursuant to the letter agreement.

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On June 6, 2023, the Company entered into a securities purchase agreement with the June Investors, providing for the issuance and sale of 9,670,002 shares of the Company's Common Stock and the June Investor Warrants to purchase up to 9,670,002 shares of Common Stock. The Common Stock was issued in a registered direct offering for a purchase price of $0.65 per share and the June Investor Warrants were offered pursuant to a private placement under Section 4(a)(2) of the Securities Act. The aggregate net cash proceeds to the Company from the June Offering were approximately $5.7 million. The Company intends to use the net proceeds from the June Offering for working capital and general corporate purposes.

H.C. Wainwright & Co. LLC acted as the exclusive placement agent (the "Placement Agent") for the June 2023 Offering. The Placement Agent was paid a cash fee equal to 6.5% of the gross proceeds received by the Company from the sale of the securities at the closing of the June Offering or approximately $0.6 million. The Company intends to use the net proceeds from such offering for working capital and general corporate purposes.

The Company sold 7,824,727 shares of common stock during the nine months ended September 30, 2022 and received gross proceeds of $23.0 million.

Preferred Stock

Pursuant to the terms of the Company's Second Amended and Restated Certificate of Incorporation, the Company has authorized 50,000,000 shares of preferred stock with a par value of $ 0.001.

Series A Convertible Preferred Stock

On August 30, 2023, the Company filed a Certificate of Designation of Preferences, Rights and Limitations of Series A Convertible Preferred Stock ("Series A Preferred Stock") with the Delaware Secretary of State (the "Certificate of Designation") authorizing up to 12,000,000 shares of Series A Preferred Stock.

During the three months ended September 30, 2023, the Company sold and issued 3.0 million shares of Series A Preferred Stock. Each share of Series A Preferred Stock was sold with one warrant (a "Unit") for an aggregate cash purchase price of $1,200,000 or $0.40 per Unit.

Dividend Rights

The holders of Series A Preferred Stock are not be entitled to receive any dividends in respect to the SeriesA Preferred Stock.

Voting Rights

The holders of Series A Preferred Stock have no voting rights other than for an affirmative vote in order for the Company to (a) disproportionally alter or change adversely the powers, preferences or rights given to the Series A Preferred Stock or alter or amend the Certificate of Designation, (b) amend its certificate of incorporation or other charter documents in any manner that disproportionally adversely affects any rights of the Holders, (c) increase or decrease the number of authorized shares of Series A Preferred Stock or (d) enter into any agreement with respect to any of the foregoing.

Conversion Rights

The holders of the Series A Preferred Stock have the right to convert their shares to common stock at any time after the six (6) month anniversary from issuance unless the closing share price of the Company's Common Stock equals or exceeds $1.20 per share on any trading day. Each share of SeriesA Preferred Stock is initially convertible into a number of shares

of Common Stock equal to the number of shares of SeriesA Preferred Stock being converted. Notwithstanding the foregoing, no share of Series A Preferred Stock shall be convertible during the six (6) month period following the issuance date;provided, however, if the Common Stock trades at or above $1.20 per share (subject to adjustment for stock splits, stock dividends, stock combinations, recapitalizations or other similar events), as reported on Bloomberg, L.P. on any trading day, holder may convert the SeriesA Preferred Stock prior to the six (6)month anniversary of the issuance date. No fractional shares will be issued upon conversion. Conversion is subject to certain limitations, including the holder not owning more than 4.9% of the outstanding shares of Common Stock.

Liquidation Rights

Upon any liquidation, dissolution or winding up of the Company (a "Liquidation"), whether voluntary or involuntary, each holder of Series A Preferred Stock shall be entitled to receive the amount of cash, securities or other property to which such holder would be entitled to receive if such shares had been converted to Common Stock immediately prior to such Liquidation, subject to certain rights and limitations.

Common Stock Warrants

Substitute Warrants

In connection with the Merger, each warrant to purchase shares of common stock of NeuroRx that was outstanding and unexercised immediately prior to the Effective Time (whether vested or unvested) was assumed by BRPA and converted into a warrant, based on the Exchange Ratio (of 3.16), that will continue to be governed by substantially the same terms and conditions, including vesting, as were applicable to the former warrant (the "Substitute Warrants"). As these Substitute Warrants meet the definition of a derivative as contemplated in ASC 815, the Substitute Warrants were recorded as derivative liabilities on the balance sheet and measured at fair value at inception (on the date of the Merger) and at each reporting date in accordance with ASC 820, *Fair Value Measurement*, with changes in fair value recognized in the statements of operations in the period of change.

The Company recognized a gain and loss on the change in fair value of the Substitute Warrants for the three months ended September 30, 2023 and 2022 of less than $0.1 million and less than $0.1 million, respectively. The Company recognized a gain on the change in fair value of the Substitute Warrants for the nine months ended September 30, 2023 and 2022 of less than $0.1 million and $0.1 million, respectively. Refer to Note 11 for further discussion of fair value measurement of the warrant liabilities.

Assumed Public Warrants

Prior to the Merger, the Company had 3,450,000 Public Warrants outstanding (the "Public Warrants"). Each Public Warrant entitles the holder to purchase one share of Common Stock at an exercise price of $11.50 per share. The Public Warrants became exercisable at the Effective Time of the Merger and expire five years after the Effective Time or earlier upon their redemption or liquidation of the Company.

During the three and nine months ended September 30, 2023 and 2022 no Public Warrants were exercised.

Assumed Private Placement Warrants

Prior to the Merger, the Company had outstanding 136,250 Private Placement Warrants (the "Private Placement Warrants"). The Private Placement Warrants are not indexed to the Company's common shares in the manner contemplated by ASC 815-40-15 because the holder of the instrument is not an input into the pricing of a fixed-for-fixed option on equity

shares. The Company classifies the Private Placement Warrants as derivative liabilities in its Unaudited Condensed Consolidated Balance Sheet as of September 30, 2023. The Company measures the fair value of the Private Placement Warrants at the end of each reporting period and recognizes changes in the fair value from the prior period in the Company's statements of operations for the current period.

The Company recognized a gain on the change in fair value of the Private Placement Warrants for the three months ended September 30, 2023 and 2022 of less than $0.1 million and less than $0.1 million, respectively. The Company recognized a gain on the change in fair value of the Private Placement Warrants for the nine months ended September 30, 2023 and 2022 of less than $0.1 million and $0.2 million, respectively. Refer to Note 11 for discussion of the fair value measurement of the Company's warrant liabilities.

Investor Warrants

As discussed above, on March 8, 2023, in conjunction with the issuance and sale of 3,866,666 shares of the Company's Common Stock, the Company issued 3,866,666 March Investor Warrants which were classified in stockholder's equity. The measurement of fair value of the March Investor Warrants were determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $0.72, exercise price of $0.75, term of five and a half years, volatility of 123.6%, risk-free rate of 4.34%, and expected dividend rate of 0%). The March Investor Warrants have an exercise price of $0.75 per share, are initially exercisable beginning six months following the March Initial Exercise Date and will expire five and a half years from the March Initial Exercise Date. The grant date fair value of these March Investor Warrants was estimated to be $2.4 million on March 8, 2023 and is reflected within additional paid-in capital.

The Company issued warrants to the Placement Agent with an exercise price of $ 0.81 (the "June Placement Agent Warrants"). As these June Placement Agent Warrants were issued for services provided in facilitating the June Offering, the Company recorded the fair value of such June Placement Agent Warrants of approximately $0.1 million as a cost of capital on the issuance date. The measurement of fair value was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $0.53, exercise price of $0.81, term of five and a half years, volatility of 175.1%, risk-free rate of 3.85%, and expected dividend rate of 0%).

In connection with the June Offering, the Company also entered into a warrant amendment agreement (the "Warrant Amendment Agreement") with certain investors to amend certain existing warrants to purchase up to 9,622,778 shares of Common Stock that were previously issued in August 2021 and February 2022 to such investors, with an exercise price of $3.07 and $12.00 per share, respectively (the "Amended Warrants") as follows: (i) lower the exercise price of the Amended Warrants to $0.6525 per share, and (ii) provide that the Amended Warrants, as amended, will not be exercisable until six months following the closing date of the June Offering, and (iii) extend the original expiration date of the Amended Warrants so that they will terminate five and one half years from the closing of the June Offering.

The Company recorded the incremental change in fair value of such Amended Warrants of $ 1.7 million as a cost of capital to issue the June Investor Warrants. The measurement of fair value for the Amended Warrants was determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $0.53, exercise price of $0.65, term of five and a half years, volatility of 175.1%, risk-free rate of 3.85%, and expected dividend rate of 0%).

As discussed above, On August28, 2023, in conjunction with the issuance and sale of 3,000,000 shares of the Company's SeriesA Convertible Preferred Stock, the Company issued 3,000,000 August Investor Warrants which were classified in stockholder's equity. The measurement of fair value of the August Investor Warrants were determined utilizing a Black-Scholes model considering all relevant assumptions current at the date of issuance (i.e., share price of $0.30, exercise price of $0.40, term of five years, volatility of 175.1%, risk-free rate of 4.38%, and expected dividend rate of 0%). The grant

date fair value of these August Investor Warrants was estimated to be $0.8 million on August 28, 2023 and is reflected within additional paid-in capital.

The following table provides the activity for all warrants for the respective periods.

	Total Warrants	Weighted Average Remaining Term	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Outstanding as of December 31, 2022	16,484,923	3.59	$ 6.49	—
Issued	3,866,666	4.69	0.75	—
Outstanding as of March 31, 2023	20,351,589	3.65	5.40	—
Issued	9,670,002	4.94	0.65	—
Outstanding as of June 30, 2023	30,021,591	4.36	$ 2.51	—
Issued	3,000,000	4.92	0.40	—
Outstanding as of September 30, 2023	33,021,591	4.28	$ 2.32	$ —

10. Stock-Based Compensation

2016 Omnibus Incentive Plan

Prior to the Merger, NeuroRx maintained its 2016 Omnibus Incentive Plan (the "2016 Plan"), under which NeuroRx granted incentive stock options, restricted stock awards, other stock-based awards, or other cash-based awards to employees, directors, and non-employee consultants. The maximum aggregate shares of common stock that were subject to awards and issuable under the 2016 Plan was 3,472,000.

In connection with the Merger, each option of NeuroRx that was outstanding and unexercised immediately prior to the Effective Time (whether vested or unvested) was assumed by BRPA and converted into an option to acquire an adjusted number of shares of Common Stock at an adjusted exercise price per share (the "Substitute Options"), based on the Exchange Ratio (of 3.16).

Upon the closing of the Merger, the outstanding and unexercised NeuroRx stock options became options to purchase an aggregate 2,895,423 shares of the Company's Common Stock at an average exercise price of $ 5.10 per share.

2021 Omnibus Incentive Plan

As of September 30, 2023, 6,713,608 shares of Common Stock are authorized for issuance pursuant to awards under the Company's 2021 Omnibus Incentive Plan (the "2021 Plan"). As of January 1, 2023, 664,430 shares were added to the 2021 Plan under an evergreen feature that automatically increases the reserve with additional shares of Common Stock for future issuance under the Incentive Plan each calendar year, beginning January 1, 2022 and ending on and including January 1, 2031, equal to the lesser of (A) 1% of the shares of Common Stock outstanding on the final day of the immediately preceding calendar year or (B) a smaller number of shares determined by the Board. As of September 30, 2023, 5,749,394 shares have been awarded and 964,214 shares remain available for issuance under the 2021 Plan. The 2021 Plan permits the granting of incentive stock options, restricted stock awards, other stock-based award or other cash-based awards to employees, directors, and non-employee consultants.

NRX PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Option Awards

The fair value of each employee and non-employee stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model. The Company is a public company and has limited company-specific historical and implied volatility information. Therefore, it estimates its expected stock volatility based on the limited company-specific historical volatility and implied volatility as well as historical volatility of a publicly traded set of peer companies. The expected term of the Company's stock options for employees has been determined utilizing the "simplified" method for awards. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve. Expected dividend yield is zero based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future. Additionally, certain options granted contain terms that require all unvested options to immediately vest a) upon the approval of a New Drug Application (NDA) by the FDA for NRX-101, or b) immediately preceding a change in control of the Company, whichever occurs first.

The grant date fair value of employee and non-employee stock option awards is determined using the Black Scholes option-pricing model. The Company did not grant any stock options during the three or nine months ended September 30, 2023.

The following assumptions were used for the year ended December 31, 2022:

	December 31, 2022
Exercise price	$0.51-$3.10
Risk-free rate of interest	1.8%-4.36%
Expected term (years)	5.3-6.5
Expected stock price volatility	94.9%-147.8%
Dividend yield	—

The following table summarizes the Company's employee and non-employee stock option activity under the Plan for the following periods:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual life (in years)	Aggregate intrinsic value (in thousands)
Outstanding as of December 31, 2022	2,548,849	$ 3.32	8.4	$ 618
Outstanding as of September 30, 2023	2,548,849	$ 3.32	7.6	$ 10
Options vested and exercisable as of September 30, 2023	2,022,085	$ 3.68	7.3	$ 10

The weighted average grant date fair value per share for employee stock and non-employee option grants during the three and nine months ended September 30, 2022 was $0.64 and $1.55, respectively. At September 30, 2023, the total unrecognized compensation related to unvested employee and non-employee stock option awards granted, was $0.8 million, which the Company expects to recognize over a weighted-average period of approximately 0.6 years.

NRX PHARMACEUTICALS, INC.

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The following table summarizes the Company's recognition of stock-based compensation for the following periods (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Stock-based compensation expense				
General and administrative	$ 261	$ 506	$ 1,295	$ 2,390
Research and development	90	35	295	472
Total stock-based compensation expense	**$ 351**	**$ 541**	**$ 1,590**	**$ 2,862**

Restricted Stock Awards

The following table presents the Company's Restricted Stock Activity:

	Awards	Weighted Average Grant Date Fair Value
Balance as of December 31, 2022	1,000,000	$ 0.57
Vested	333,333	-
Balance as of September 30, 2023	666,667	$ 0.57

As of September 30, 2023, total unrecognized compensation expense related to RSAs granted was approximately $0.3 million, which is expected to be recognized over a weighted-average period of approximately 1.8 years.

Stock-based compensation expense related to RSAs was approximately less than $ 0.1 million and $0.2 million during the three and nine months ended September 30, 2023.

11. Fair Value Measurements

Fair value measurements discussed herein are based upon certain market assumptions and pertinent information available to management as of and during the three and nine months ended September 30, 2023 and year ended December 31, 2022. The carrying amount of accounts payable approximated fair value as they are short term in nature. The fair value of warrants issued for services are estimated based on the Black-Scholes model during the three and nine months ended September 30, 2023 and year ended December 31, 2022. The fair value of the Note was estimated utilizing a Monte Carlo simulation during the three and nine months ended September 30, 2023 and the year ended December 31, 2022.

Fair Value on a Recurring Basis

The Company follows the guidance in ASC 820 for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. The estimated fair value of the money market account represents a Level 1 measurement. The estimated fair value of the warrant liabilities and earnout cash contingent consideration represent Level 3 measurements. The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis at September 30, 2023 and year ended December 31, 2022, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value (in thousands):

NRX PHARMACEUTICALS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Description	Level	September 30 2023	December 31 2022
		(Unaudited)	
Assets:			
Money Market Account	1	$ 7,034	$ 15,249
Liabilities:			
Warrant liabilities (Note 11)	3	$ 10	$ 37
Convertible note payable (Note 7)	3	$ 10,069	$ 10,525

Convertible Note Payable

The significant inputs used in the Monte Carlo simulation to measure the convertible note liability that is categorized within Level 3 of the fair value hierarchy are as follows:

	September 30, 2023
Stock price on valuation date	$ 0.26
Time to expiration	0.59
Note market interest rate	8.4%
Equity volatility	90.0%
Volume volatility	365.0%
Risk-free rate	5.52%
Probability of default	3.2%

The following table sets forth a summary of the changes in the fair value of the Note categorized within Level 3 of the fair value hierarchy (in thousands):

	September 30, 2023	December 31, 2022
	(Unaudited)	
Par value of the Note	$ 11,020	$ 11,020
Debt discount	(497)	(1,000)
Repayment of principal and interest	(3,270)	—
Carrying value of the Note before current period change in fair value	7,253	10,020
Fair value adjustment through earnings	2,794	505
Fair value adjustment through accumulated other comprehensive income	22	—
Total carrying value of Note	$ 10,069	$ 10,525
Convertible note payable - current portion	$ 10,069	$ 7,703
Convertible note payable, net of current portion	$ —	$ 2,822

Warrant Liabilities

The Company utilizes a Black-Scholes model approach to value the Private Placement Warrants and Substitute Warrants at each reporting period, with changes in fair value recognized in the statement of operations. The estimated fair value of the warrant liabilities is determined using Level 3 inputs. Inherent in a Black Scholes options pricing model are assumptions related to expected share-price volatility, expected life, risk-free interest rate and dividend yield. The

NRX PHARMACEUTICALS, INC.

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Company estimates the volatility of its common stock based on historical and peer company volatility that matches the expected remaining life of the warrants. The risk-free interest rate is based on the U.S. Treasury zero-coupon yield curve on the grant date for a maturity similar to the expected remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the historical rate, which the Company anticipates remaining at zero.

The significant inputs used in the Black-Scholes model to measure the warrant liabilities that are categorized within Level 3 of the fair value hierarchy are as follows:

	September 30, 2023
Stock price on valuation date	$ 0.26 - 0.66
Exercise price per share	$ 3.48 - 11.50
Expected life	0.02 - 3.15
Volatility	55.0 - 175.1%
Risk-free rate	3.79 - 5.40%
Dividend yield	0.00%
Fair value of warrants	$ 0.00 - 79.34

A reconciliation of warrant liabilities is included below (in thousands):

	September 30, 2023
Balance as of December 31, 2022	$ 37
Gain upon re-measurement	(12)
Balance as of March 31, 2023	25
Gain upon re-measurement	11
Balance as of June 30, 2023	36
Gain upon re-measurement	(26)
Balance as of September 30, 2023	$ 10

12. Income Taxes

The Company recorded no provision or benefit for income tax expense for the nine months ended September 30, 2023 and 2022, respectively.

For all periods presented, the pretax losses incurred by the Company received no corresponding tax benefit because the Company concluded that it is more likely than not that the Company will be unable to realize the value of any resulting deferred tax assets. The Company will continue to assess its position in future periods to determine if it is appropriate to reduce a portion of its valuation allowance in the future.

The Company has no open tax audits with any taxing authority as of September 30, 2023.

13. Related Party Transactions

Glytech Agreement

The Company licenses patents that are owned by Glytech, LLC (“Glytech”), pursuant to a license agreement (the “Glytech Agreement”). Glytech is owned by a co-founder and former director of the Company. The Glytech Agreement requires that the Company pay Glytech for ongoing scientific support and also reimburse Glytech for expenses of obtaining and maintaining patents that are licensed to NRx Pharmaceuticals. During the three months ended September 30, 2023 and

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2022, the Company paid Glytech $0.1 million and $0.1 million, respectively, for continuing technology support services and reimbursed expenses. During the nine months ended September 30, 2023 and 2022, the Company paid Glytech $0.2 million and $0.2 million, respectively, for continuing technology support services and reimbursed expenses. These support services are ongoing.

The Fourth Amendment to the Glytech Agreement, effective as of December 31, 2020, includes an equity value-triggered transfer of Excluded Technology from Glytech to NRx Pharmaceuticals. The Excluded Technology is defined in the Glytech Agreement as any technology, and any know-how related thereto, covered in the licensed patents that do not recite either D-cycloserine or lurasidone individually or jointly. This definition would cover pharmaceutical formulations, including some that NRx Pharmaceuticals considers “pipeline” or “future product” opportunities, that contain a combination of pharmaceutical components different from those contained in NRX-100 and NRX-101. On November 6, 2022 the Glytech Agreement was amended whereby Glytech agreed to transfer and assign the remainder of the Licensed Technology and the Excluded Technology to NRx Pharmaceuticals for no additional consideration at any time upon receipt of written notice from the Company if, on or prior to January 31, 2023, (i) the value of the Glytech equity holdings in NRx Pharmaceuticals (the “Glytech Equity”) has an aggregate liquidity value of at least $50 million for twenty (20) consecutive trading days immediately preceding any given date and (ii) there are no legal or contractual restrictions on selling all of the securities represented by the Glytech Equity then applicable to Glytech (or reasonably foreseeable to be applicable to Glytech within the following twenty trading days). The Glytech Agreement was amended to extend the period to meet these conditions until August 6, 2023 and the parties are currently negotiating an extension to meet these conditions.

Consulting Agreement with Dr. Jonathan Javitt

The Chief Scientist of the Company, Dr. Jonathan Javitt, is a major shareholder in the Company and a member of the Board of Directors. Therefore, his services are deemed to be a related party transaction. He served the Company on a full-time basis as CEO under an employment agreement with the Company until March 8, 2022 and currently serves under a Consulting Agreement with the Company as Chief Scientist thereafter and received compensation of $0.2 million and $0.2 million during the three months ended September 30, 2023 and 2022, respectively, and $ 0.7 million and $0.7 million during the nine months ended September 30, 2023 and 2022, respectively.

On March 29, 2023, the Consulting Agreement dated March 8, 2022 (the “Javitt Consulting Agreement”) between the Company and Dr. Jonathan Javitt was amended to extend the term of the Agreement until March 8, 2024 with automatic annual renewals thereafter unless one party or the other provides notice of non-renewal. The amendment also provided for payment at the rate of $0.6 million per year, payable monthly (i.e., less than $ 0.1 million per month), and a performance-based annual bonus with a minimum target of $0.3 million, at the discretion of the Board and upon satisfactory performance of the services. The annual bonus for 2023, if any, is payable in March 2024, will be pro-rated from the start of the extension period and is subject to Dr. Javitt’s continued engagement by the Company.

The amendment also provides, subject to the approval of the Board of Directors, for a grant of 500,000 shares of restricted stock of the Company under the Company’s 2021 Omnibus Incentive Plan. The restrictions are performance based, and half of the restricted shares (250,000) shall have the restrictions removed on the New Drug Application Date (as defined below) and the remaining half (250,000) will have the restrictions removed on the New Drug Approval Date (as defined below). As of September 30, 2023, the Board of Directors has not approved the grant of restricted stock.

The term “New Drug Application Date” means the date upon which the Food and Drug Administration (“FDA”) files the Company’s new drug application for the Antidepressant Drug Regimen (as defined below) for review. The term “New Drug Approval Date” means date upon which the FDA has both approved the Company’s Antidepressant Drug Regimen and listed the Company’s Antidepressant Drug Regimen in the FDA’s “Orange Book”. The term “Antidepressant Drug Regimen” means NRX-101, a proprietary fixed-dose combination capsule of d-cycloserine and Lurasidone, administered

for sequential weeks of daily oral treatment following patient stabilization using a single infusion of NRX-100 (ketamine) or another standard of care therapy.

Consulting Agreement with Zachary Javitt

Zachary Javitt is the son of Dr. Jonathan Javitt. Zachary Javitt provides services related to website, IT, and marketing support under the supervision of the Company's CEO who is responsible for assuring that the services are provided on financial terms that are at market. The Company paid this family member a total of $0.1 million and less than $0.1 million during the three months ended September 30, 2023 and 2022, respectively. The Company paid this family member a total of $0.1 million and $0.1 million during the nine months ended September 30, 2023 and 2022, respectively. These services are ongoing.

Agreements with PillTracker

The Company paid PillTracker for digital health product development required to track the use of Aviptadil in clinical trials. Zachary Javitt and Dr. Jonathan Javitt are the chief executive officer and board chairman, respectively, of PillTracker. PillTracker agreements and transactions are submitted to the General Counsel of the Company and the Chair of the Audit Committee for approval in accordance with the terms of the Company's Related Person Transactions Policy. The Master Service Agreement dated April 1, 2020, and all work orders thereunder, have been suspended by mutual agreement pending the Company's re-evaluation of its respiratory franchise. NRx Pharmaceuticals paid PillTracker $0.2 million during the nine months ended September 30, 2022. No Pilltracker-related expenses have been recognized or are anticipated in 2023.

Included in accounts payable were less than $0.1 million and less than $0.1 million due to the above related parties as of September 30, 2023 and December 31, 2022, respectively.

14. Subsequent Events

Compliance with Nasdaq Listing Requirements

On October 17, 2023, the Company received formal notice from the Listing Qualifications Staff (the "Staff") indicating that, based upon the Company's non-compliance with the minimum bid price requirement for continued listing on The Nasdaq Global Market, as set forth in Nasdaq Listing Rule 5550(a)(2) (the "Rule"), the Company's securities were subject to delisting unless the Company timely requests a hearing before the Nasdaq Hearings Panel(the "Panel"). The Company plans to timely request a hearing before the Panel, which request will stay any further action by Nasdaq pending the issuance of a decision by the Panel and the expiration of any extension that the Panel may grant to the Company following the hearing.

The Company is diligently working to evidence compliance with the Rule; however, there can be no assurance that the Panel will determine to continue the Company's listing or that the Company will be able to evidence compliance with the applicable listing criteria within the time period of any extension that may be granted by the Panel.

The Company has now been granted a hearing date of January 4, 2024 at which the Company will present its plan for achieving Nasdaq continued listing requirements. The Nasdaq has invited the Company to submit a short-form written response detailing that compliance plan, which at Nasdaq's election may substitute for the January 4 hearing. The Company has submitted this short form plan to the Nasdaq.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of NRx Pharmaceuticals' financial condition and plan of operations together with NRx Pharmaceuticals' unaudited, condensed consolidated financial statements and the related notes appearing elsewhere herein. In addition to historical information, this discussion and analysis contains forward looking statements that involve risks, uncertainties and assumptions. NRx Pharmaceuticals' actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section entitled "Risk Factors" included elsewhere herein.

Overview

On May 24, 2021, Big Rock Partners Acquisition Group ("BRPA"), a special purpose acquisition company, consummated the Agreement and Plan of Merger (as amended, the "Merger Agreement") with NeuroRx, Inc., a Delaware corporation ("NeuroRx"), and Big Rock Merger Corp., a Delaware corporation and wholly owned, direct subsidiary of BRPA ("Merger Sub"). Pursuant to the Merger Agreement, on May 24, 2021 (the "Closing Date"), which has been accounted for as a reverse recapitalization, Merger Sub was merged with and into NeuroRx, with NeuroRx surviving the merger (the "Merger" and, together with the other transactions contemplated by the Merger Agreement, the "Business Combination"). On the Closing Date, BRPA changed its name to NRX Pharmaceuticals, Inc. ("NRx Pharmaceuticals" or the "Company").

The Company is a clinical-stage pharmaceutical company which applies innovative science to known molecules to develop life-saving medicines through its wholly-owned operating subsidiary, NeuroRx. The Company's foundation product, NRX-101 (D-cycloserine/Lurasidone), for the treatment of bipolar depression in patients with suicidality, has been awarded Fast Track designation, Breakthrough Therapy designation, a Special Protocol Agreement, and a Biomarker Letter of Support by the U.S. Food and Drug Administration (the "FDA"). NRX-101 is covered by multiple U.S. and foreign patents, including a Composition of Matter patent (U.S. Patent No. 10,583,138) that was transferred to NRx Pharmaceuticals by Glytech, LLC.

NRX-101 has been awarded Fast Track designation, Breakthrough Therapy designation, a Biomarker Letter of Support, and a Special Protocol Agreement by the FDA. Peer-reviewed and published results from Phase II clinical studies demonstrate a significant decline and stabilization in symptoms of depression and suicidality following administration of DCS in combination with antidepressants. Findings from one of these studies found that bipolar patients who were already receiving a 5-HT2a antagonist demonstrated more than a 50% reduction in symptoms of depression and a 75% reduction in suicidal ideation when ketamine and DCS were added to their treatment regimen. Side effects for patients in a Phase 2a combination study of DCS and 5HT2a included mild sedation, headaches and hypomania. Breakthrough Therapy designation was awarded based on data from the STABIL-B study (NCT02974010) that demonstrated a statistically significant advantage of NRX-101 vs. lurasidone (the active ingredient used in the market leading branded bipolar depression agent) in maintaining remission from depression and suicidality following a single stabilizing dose of ketamine.

In March 2022, NRx Pharmaceuticals announced a primary focus on its psychiatry franchise and the late-stage development of NRX-101 for the treatment of bipolar depression in patients with suicidality. NRX-101 is a fixed dose combination of D-cycloserine, an NMDA antagonist, and lurasidone, a 5-HT_{2A} atypical antipsychotic and antidepressant, for the maintenance of remission from severe bipolar depression following initial stabilization with ketamine. The previously undiscovered synergy between these two drug classes in the treatment of CNS disorders, combined with the efficacy of D-cycloserine in the treatment of depression and PTSD, is the subject of 47 issued patents and more than 43 pending patents owned by or licensed to NRx Pharmaceuticals.

NRX-101 in Severe Bipolar Depression in Patients with Acute Suicidal Ideation and Behavior (ASIB) After Initial Stabilization with ketamine

- In 2017, NRX-101 received an investigational new drug (IND) clearance by the U.S. Food and Drug Administration (FDA) and a Phase 2b/3 clinical trial commenced for bipolar depression with ASIB. Later that year, the FDA granted NRX-101 a Fast Track designation for the same indication.

- In 2018, the FDA provided a Letter of Support to the Company encouraging the development of Glutamine+Glutamate (Glx) as a pharmacodynamic biomarker for depression. The letter referenced published

and unpublished data demonstrating a significant association between clinical symptoms of depression and levels of brain Glx.

- In the STABIL-B Phase 2 trial, the Phase 2 portion of the Phase 2b/3 trial, patients with bipolar depression and ASIB received either NRX-101 or lurasidone after an intravenous infusion of NRX-100 (ketamine). The proof-of-concept data presented at the American Congress of Neuropsychopharmacology in 2018 demonstrated with statistical significance that NRX-101 treated patients experienced lower depression scores and did not relapse.

- Based on STABIL-B findings, the FDA granted NRX-101 Breakthrough Therapy Designation and a Special Protocol Agreement ("SPA") for bipolar depression in patients with ASIB, which affects ~150K-180K patients per year in the U.S. The Breakthrough Therapy Designation allows for an expedited rolling submission of a new drug application ("NDA") for investigational drugs that have demonstrated substantial improvement over existing approved therapies, and the SPA allows for a single registrational trial of NRX-101 in severe bipolar depression in patients with ASIB after stabilization with ketamine, using a protocol similar to the STABIL-B trial with a patient population of less than 100.

- NRx Pharmaceuticals announced that it has transferred Phase 3 commercial drug manufacturing processes to the U.S. and released Phase 3 drug manufactured via the expected commercial-stage processes. NRx Pharmaceuticals has submitted its manufacturing file to the FDA. This investigational drug manufactured according to these new processes will be used in the upcoming Phase 3 trial.

- We were initiating a new registrational study of NRX-101 for the treatment of severe bipolar depression with ASIB, a potentially lethal condition that currently takes the lives of thousands of Americans each year, after initial stabilization with NRX-100 (described below). We intend to use newly manufactured material that was manufactured using the expected commercial process.

- On February 14, 2023, the Company announced its receipt of the written minutes of a Type B meeting held with the FDA on January 11, 2023, to outline the clinical & preclinical requirements for registration of NRX-101. Overall, the FDA suggested expanding the safety data base of NRX-101 to allow for chronic/intermittent use of NRX-101, as well as a broadening of the addressable population of the indication (under the SPA or otherwise) to patients with severe bipolar depression and recent acute suicidality regardless of how the initial stabilization was accomplished could represent a more straightforward development program. This broader indication would enable the Company to potentially demonstrate the use of NRX-101 to maintain stabilization from suicidality in patients stabilized either with ketamine (NRX-100) or with other standard of care therapeutic approaches. FDA encouraged the Company to request a Breakthrough Therapy Planning Meeting for NRX-101, which we intend to do in the next few months.

NRX-101 Indication – Bipolar Depression in Patients with Sub-acute Suicidal Ideation and Behavior (SSIB)

- A Phase 2 double-blind study completed in 2018 demonstrated the ability of NRX-101 to improve depression and suicidality over 6 weeks when taken twice daily over lurasidone alone after an initial stabilization with ketamine. The current study involving patients with bipolar depression and sub-acute suicidality (not requiring hospitalization) does not include the use of ketamine; all patients are being treated in an outpatient setting.

- The Company is nearing completion of enrollment of the originally-targeted 70 participants in the Phase 2b/3 trial of NRX-101 in TRBD; enrollment will continue through November to increase study power.

Consolidated NRX-101 Program in Suicidal Treatment-Resistant Bipolar Depression

- Based on the comments and guidance from the FDA in its Type B meeting regarding the registrational Acute Suicidality trial and a potentially broader indication, as well as guidance the Company received from the Data Safety Monitoring Board (the "DSMB") regarding the ongoing Phase IIb/3 clinical study of NRX-101 for the

treatment of severe bipolar depression in patients with SSIB, the Company is evaluating changes to its registrational program for NRX-101 and will seek to consolidate patients originally expected to enroll in the ASIB study into the currently enrolling Phase IIb/3 trial. This would potentially allow registration of NRX-101 for Suicidal Treatment-Resistant Bipolar Depression, regardless of the mechanism of stabilization. With the FDA's guidance to enroll patients for the acute (SPA) study in the outpatient setting only after stabilization, the design of this trial has effectively converged with the currently enrolling phase IIb/3 trial; patients within both groups are deemed to have treatment resistant bipolar depression with suicidality. This broader indication may also offer significant advantages in commercialization, while potentially negating the need for a separate NDA for ketamine in suicidal stabilization.

- The US population of patients with Suicidal Treatment Resistant Bipolar Depression is estimated to be between 700,000 and 1,000,000 people.

- We expect top-line data from this trial in early 2024.

NRX-101 Indication – Post Traumatic Stress Disorder

- Depression in PTSD may be driven by pathways that are similar to those that drive depression in other conditions (NMDA and 5-HT2A). Additionally, approximately 10% of patients with PTSD may experience suicidality, especially those with severe PTSD.

- In a preclinical PTSD study, D-cycloserine, a component of NRX-101, demonstrated the ability to extinguish recurring images of traumatic events, also known as fear memory, in a validated WKY model of PTSD.

Licensure of a US Patent to Support Use of NRX-101

The Company has entered into a License Agreement with Apkarian Technologies to in-license US Patent 8,653,120 that claims the use of D-cycloserine for the treatment of chronic pain in exchange for a commitment to pay milestones and royalties as development milestones are reached in the field of chronic pain. The patent is supported by extensive nonclinical data and early clinical data that suggest the potential for NMDA antagonist drugs, such as NRX-101 to decrease both chronic pain and neuropathic pain while potentially decreasing craving for opioids.

The Company has signed an agreement with Dr. Vania Apkarian, Professor of Physiology, Anesthesia, Surgery, and Neuroscience Institute, Northwestern University Feinberg School of Medicine to join the NRx Pharmaceuticals Scientific Advisory Board (SAB).

As of September 30, 2023, the Company has recorded $0.2 million worth of expenses relating to the licensure of the patent recorded in R&D patents expense on the Condensed Consolidated Statements of Operations and Comprehensive Loss.

Financial Results

Since inception, NRx Pharmaceuticals has incurred significant operating losses. For the three months ended September 30, 2023 and 2022, NRx Pharmaceuticals' net loss was $6.1 million and $9.1 million, respectively. For the nine months ended September 30, 2023 and 2022, NRx Pharmaceuticals' net loss was $25.8 million and $29.5 million, respectively. As of September 30, 2023, NRx Pharmaceuticals had an accumulated deficit of $248.8 million.

Going Concern

The Company's ongoing clinical activities continue to generate losses and net cash outflows from operations. The Company plans to pursue additional equity or debt financing or refinancing opportunities in 2023 to fund ongoing clinical activities, to meet obligations under its current debt arrangements and for the general corporate purposes of the Company. Such arrangements may take the form of loans, equity offerings, strategic agreements, licensing agreements, joint ventures or other agreements. The sale of equity could result in additional dilution to the Company's existing shareholders. The Company cannot make any assurances that additional financing will be available to it and, if available, on acceptable

terms, or that it will be able to refinance its existing debt obligations which could negatively impact the Company's business and operations and could also lead to a reduction in the Company's operations. We will continue to carefully monitor the impact of our continuing operations on our working capital needs and debt repayment obligations. As such, the Company has concluded that substantial doubt exists about the Company's ability to continue as a going concern for a period of at least twelve months from the date of issuance of these unaudited condensed consolidated financial statements. The Company may raise substantial additional funds, and if it does so, it may do so through one or more of the following: issuance of additional debt or equity and/or the completion of a licensing or other commercial transaction for one of the Company's product candidates.

The accompanying unaudited condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern.

Nasdaq Listing Requirements

On July 20, 2023, we received a written notification (the "Notice") from the Nasdaq Stock Market LLC ("Nasdaq") indicating that NRx Pharmaceuticals is not in compliance with Nasdaq Listing Rule 5450(b)(2)(A) – Market Value of Listed Securities ("MVLS") because the Company had not maintained a minimum MVLS of $50,000,000 for the last thirty-three (33) consecutive business days. Pursuant to Nasdaq Listing Rule 5810(c)(3)(C), we have been provided an initial compliance period of 180 calendar days, or until January 22, 2024, to regain compliance with the MVLS requirement. To regain compliance, our MVLS must meet or exceed $50,000,000 for a minimum period of ten consecutive business days prior to January 22, 2024. If we do not regain compliance within the allotted compliance period Nasdaq will provide notice that our shares of common stock will be subject to delisting and may potentially be traded on the Over-the-Counter market thereafter.

On October 17, 2023, we received formal notice from the Nasdaq Listing Qualifications Staff (the "Staff") indicating that, based upon our non-compliance with the minimum bid price requirement for continued listing on The Nasdaq Global Market, as set forth in Nasdaq Listing Rule 5550(a)(2) (the "Rule"), our securities were subject to delisting unless we timely request a hearing before the Nasdaq Hearings Panel (the "Panel"). The Company has now been granted a hearing date of January 4, 2024 at which the Company will present its plan for achieving Nasdaq continued listing requirements. The Nasdaq has invited the Company to submit a short-form written response detailing that compliance plan, which at Nasdaq's election may substitute for the January 4 hearing. The Company has submitted this short form plan to the Nasdaq.

We are diligently working to evidence compliance with the Rule; however, there can be no assurance that the Panel will determine to continue the Company's listing or that the Company will be able to evidence compliance with the applicable listing criteria within the time period of any extension that may be granted by the Panel.

Components of Results of Operations

Operating expenses

Research and development expenses

NRx Pharmaceuticals' research and development expenses consist primarily of costs associated with NRx Pharmaceuticals' clinical trials, salaries, payroll taxes, employee benefits, and equity-based compensation charges for those individuals involved in ongoing research and development efforts. Research and development costs are expensed as incurred. Advance payments for goods and services that will be used in future research and development activities are expensed when the activity has been performed or when the goods have been received.

General and administrative expenses

General and administrative expenses consist primarily of salaries, stock-based compensation, consultant fees, and professional fees for legal and accounting services.

Results of operations for the three months ended September 30, 2023 and 2022

The following table sets forth NRx Pharmaceuticals' selected statements of operations data for the following periods (in thousands):

	Three months ended September 30,		Change
	2023	2022	Dollars
	(Unaudited)		
Operating expenses:			
Research and development	$ 3,314	$ 4,129	$ (815)
General and administrative	2,494	5,012	(2,518)
Total operating expenses	5,808	9,141	(3,333)
Loss from operations	$ (5,808)	$ (9,141)	$ 3,333
Other (income) expenses:			
Interest income	$ (119)	$ (95)	$ (24)
Interest expense	40	—	40
Change in fair value of convertible note payable	359	—	359
Change in fair value of warrant liabilities	(26)	37	(63)
Total other (income) expenses	254	(58)	312
Net loss	$ (6,062)	$ (9,083)	$ 3,021

Research and development expenses

For the three months ended September 30, 2023, NRx Pharmaceuticals recorded $3.3 million of research and development expenses compared to $4.1 million for the three months ended September 30, 2022. The decrease of $0.8 million is related primarily to a decrease of $0.5 million in clinical trials and development expenses related to the NRX-101 program for Suicidal Treatment-Resistant Bipolar Depression, a decrease of $0.4 million related to fees paid to regulatory and process development consultants, a decrease of $0.1 million in shipping, freight, and delivery costs, a decrease of $0.1 million in other regulatory and process development costs, partially offset by an increase of $0.2 million related to licensure of a US Patent with Apkarian Technologies and an increase of $0.1 million in stock-based compensation . The research and development expenses for the three months ended September 30, 2023 and 2022, respectively, includes less than $0.1 million and less than $0.1 million, respectively, of non-cash stock-based compensation.

General and administrative expenses

For the three months ended September 30, 2023, NRx Pharmaceuticals recorded approximately $2.5 million of general and administrative expenses compared to approximately $5.0 million for the three months ended September 30, 2022. The decrease of $2.5 million is related primarily to a decrease of $1.3 million in insurance expenses, $0.9 million in employee expenses, $0.2 million in stock-based compensation expense, $0.3 million in legal, professional and accounting fees partially offset by an increase of other general and administrative expenses of $0.2 million. The general and administrative expenses for the three months ended September 30, 2023 and 2022, respectively, include $0.3 million and $0.5 million, respectively, of non-cash stock-based compensation.

Other (income) expenses

Interest income

For the three months ended September 30, 2023, NRx Pharmaceuticals recorded of $0.1 million interest income compared to $0.1 million of interest income for the three months ended September 30, 2022. The interest income increased by less than $0.1 million due to the interest earned in the Company's money market account.

Change in fair value of convertible note payable

For the three months ended September 30, 2023, NRx Pharmaceuticals recorded a loss of approximately $0.4 million related to the change in fair value of the convertible note payable which is accounted for under the fair value option.

Change in fair value of warrant liabilities

For the three months ended September 30, 2023, NRx Pharmaceuticals recorded a gain of less than $0.1 million in fair value of warrant liabilities compared to a loss of less than $0.1 million for the three months ended September 30, 2022. The gain of less than $0.1 million related to the increase in the fair value of certain Substitute Warrants and the Private Placement Warrants assumed pursuant to the Merger Agreement.

Results of operations for the nine months ended September 30, 2023 and 2022

The following table sets forth NRx Pharmaceuticals' selected statements of operations data for the following periods (in thousands):

	Nine Months Ended September 30,		Change
	2023	2022	Dollars
	(Unaudited)		
Operating expenses:			
Research and development	$ 10,837	$ 12,571	$ (1,734)
General and administrative	12,344	21,876	(9,532)
Settlement expense	250	—	250
Total operating expenses	23,431	34,447	(11,016)
Loss from operations	$ (23,431)	$ (34,447)	$ 11,016
Other (income) expenses:			
Interest income	$ (420)	$ (119)	$ (301)
Interest expense	40	3	37
Change in fair value of convertible note payable	2,794	—	2,794
Change in fair value of warrant liabilities	(27)	(236)	209
Change in fair value of Earnout Cash liability	—	(4,582)	4,582
Total other (income) expenses	2,387	(4,934)	7,321
Net loss	$ (25,818)	$ (29,513)	$ 3,695

Operating expenses

Research and development expenses

For the nine months ended September 30, 2023, NRx Pharmaceuticals recorded $10.8 million of research and development expenses compared to approximately $12.6 million for the nine months ended September 30, 2022. The decrease of $1.7 million is related primarily to a decrease of $1.0 million in clinical trials and development expenses related to ZYESAMI, $0.9 million related to fees paid to regulatory and process development consultants, $0.2 million in stock-based compensation, partially offset by an increase of $0.2 related to licensure of a US Patent with Apkarian Technologies, $0.1 million in other regulatory and process development costs, and $0.1 million in shipping, freight, and delivery costs. The research and development expenses for the nine months ended September 30, 2023 and 2022, respectively, include $0.3 million and $0.5 million, respectively, of non-cash stock-based compensation.

General and administrative expenses

For the nine months ended September 30, 2023, NRx Pharmaceuticals recorded $12.3 million of general and administrative expenses compared to approximately $21.9 million for the nine months ended September 30, 2022. The decrease of $9.5 million is related primarily to a decrease of $4.9 million in legal, professional and accounting fees, $2.8 million in insurance expenses, $1.1 million in stock-based compensation expense, $0.5 million in consultant fees, $0.4 million in employee expenses partially offset by

an increase of $0.2 in other general and administrative expenses. The general and administrative expenses for the nine months ended September 30, 2023 and 2022, respectively, include $1.3 and $2.4 million, respectively, of non-cash stock-based compensation.

Other (income) expenses

Interest income

For the nine months ended September 30, 2023, NRx Pharmaceuticals recorded $0.4 million of interest income compared $0.1 of interest income for the nine months ended September 30, 2022. The increase of $0.3 million is due to interest earned in the Company's money market account.

Change in fair value of convertible note payable

For the nine months ended September 30, 2023, NRx Pharmaceuticals recorded a gain of approximately $2.8 million related to the change in fair value of the convertible note payable which is accounted for under the fair value option.

Change in fair value of warrant liabilities

For the nine months ended September 30, 2023, NRx Pharmaceuticals recorded a gain of less than $0.1 million related to the change in fair value of the warrant liabilities compared to a gain of $0.2 million for the nine months ended September 30, 2022. The decrease of $0.2 million related to the decrease in the fair value of certain Substitute Warrants and the Placement Warrants assumed pursuant to the Merger Agreement.

Change in fair value of earnout cash liability

For the nine months ended September 30, 2023, NRx Pharmaceuticals recorded no change in fair value of the earnout cash liability compared to a gain of $4.6 million for the nine months ended September 30, 2022. The earnout cash milestones were not achieved by December 31, 2022 and therefore the earnout cash liability expired. The gain for the nine months ended September 30, 2022 related to the decrease in fair value of the earnout cash liability.

Liquidity and Capital Resources

The Company has generated no revenues, has incurred operating losses since inception, expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. Until such time as the Company is able to establish a revenue stream from the sale of its therapeutic products, NRx Pharmaceuticals is dependent upon obtaining necessary equity and/or debt financing to continue operations. NRx Pharmaceuticals cannot make any assurances that sales of NRX-101 will commence in the near term or that additional financings will be available to it on acceptable terms or at all. This could negatively impact NRx Pharmaceuticals' business and operations and could also lead to the reduction of NRx Pharmaceuticals' operations.

Streeterville Note

On November 4, 2022, we issued an 9% redeemable promissory note (as amended, the "Note") to Streeterville Capital, LLC, a Utah limited liability company ("Streeterville"), for an aggregate principal amount of $11.0 million. The Note matures 18 months from the date of issuance subject to certain acceleration provisions. The Note carries an original issue discount of $1.0 million which was deducted from the principal balance of the Note. The net proceeds from the issuance of the Note was $10.0 million after transaction costs including the original issue discount, legal and other fees are included.

The Company has the option to prepay the Note during the term by paying an amount equal to 110% of the principal, interest, and fees owed as of the prepayment date. The noteholder has the right to redeem up to $1.0 million of the outstanding balance of the Note per month starting six months after the issuance date. Payments may be made by the Company at their option in: (i) in cash with a 10% premium for the amount redeemed, (ii) by paying the redemption amount in the form of shares of Common Stock with the number of redemption shares being equal to the portion of the applicable redemption amount divided by the Redemption Conversion Price (as defined below), or (iii) a combination of

cash and shares of common stock. The “Redemption Conversion Price” on any given redemption date equals 85% multiplied by the average of the two lowest daily volume weighted average prices per share of the common stock during the ten trading days immediately preceding the date that the noteholder delivers notice electing to redeem a portion of the Note. Beginning May 1, 2023, in the event (a) the daily dollar trading volume of the common stock of the Company on any given trading day is at least fifty percent (50%) greater than the lower of (i) the median daily dollar trading volume over the previous ten (10) trading days or (ii) the daily dollar trading volume on the trading day immediately preceding the date of measurement or (b) if the closing trade price on any given trading day is at least thirty percent (30%) greater than the Nasdaq Minimum Price, then the lender will be entitled to redeem over the following ten (10) trading days an amount of indebtedness then outstanding under the Note equal to twice the monthly redemption amount of $1.0 million solely by payment by stock, if permitted under the agreement, subject to the Maximum Percentage (as defined in the Note) and other ownership limitations. On March 30, 2023, the Company entered into an Amendment to the Note (the “First Amendment”), pursuant to which the Maximum Percentage was set at 9.99% of the number of shares of Common Stock outstanding on a given date.

On July 7, 2023, the Company entered into Amendment #2 to the Note with Streeterville (the “Second Amendment”). Pursuant to the Second Amendment, the Company agreed to amend the redemption provisions of the Note to provide that the Company would pay to Streeterville an amount in cash equal to $1,800,000 on or before July 10, 2023, which amount was paid on July 10, 2023. In addition, the Company agreed that, beginning on or before July 31, 2023, and on or before the last day of each month until December 31, 2023 (the “Minimum Payment Period”), we would pay Streeterville an amount equal to $400,000 in cash (a “Minimum Payment”), less any amount satisfied by the delivery of Redemption Conversion Shares (as defined below). Notwithstanding the foregoing, Streeterville may also submit a request for redemption of up to an aggregate of $1,000,000 per month (the “Maximum Monthly Redemption Amount” and, together with the Minimum Payment Amount, the “Redemption Amounts”) in accordance with the terms of the Note. However, the portion of each Minimum Payment that is not satisfied by the delivery of Redemption Conversion Shares is the maximum amount of cash we will be required to pay in accordance with the Second Amendment during the Minimum Payment Period. The redemption of the Maximum Monthly Redemption Amount in excess of the Minimum Amount may be satisfied by the delivery of additional Redemption Conversion Shares.

During the Minimum Payment Period, the Company is permitted to pay the Redemption Amounts in the form of shares of common stock of the Company (the “Redemption Conversion Shares”) calculated on the basis of the Redemption Conversion Price (as defined in the Note) without regard to the existence of an Equity Conditions Failure. Moreover, the Redemption Premium (as defined in the Note) will continue to apply to the Redemption Amounts.

March Offering

On March 8, 2023, NRx Pharmaceuticals entered into a securities purchase agreement with certain accredited investors (the “March Investors”), providing for the issuance and sale of 3,866,666 shares of the Company’s common stock (“Common Stock”) and warrants to purchase up to 3,866,666 shares of Common Stock (the “March Investor Warrants”) in a registered direct offering priced at-the-market under Nasdaq rules for a purchase price of $0.75 per share (the “March Offering”). The March Investors agreed not to transfer the Common Stock for six months following the date of issuance. The March Investor Warrants have an exercise price of $0.75 per share, were initially exercisable beginning six months following the date of issuance (the “March Initial Exercise Date”) and will expire 5 years from the March Initial Exercise Date. The aggregate gross proceeds to the Company from the March Offering were approximately $2.9 million. The closing of the sale of these securities occurred on March 9, 2023.

Alvogen License Agreement

On June 2, 2023, the Company entered into a License Agreement (the “License Agreement”) with Alvogen Pharma US, Inc., Alvogen, Inc. and Lotus Pharmaceutical Co. Ltd. (collectively, “Alvogen”). Under the License Agreement, NRx granted Alvogen an exclusive, worldwide, transferable and sublicensable license under certain intellectual property (including patents, know-how and trademarks) owned or controlled by NRx to develop (with certain limitations), manufacture, and commercialize NRX-101, for the treatment of bipolar depression with suicidality. The term of the license is, on a country-by-country basis, 20 years from the first commercial sale of NRX-101 in such country, extendable by Alvogen for a two-year period upon its request made prior to the expiration of such 20-year period. During the term of the License Agreement, the parties have agreed (on behalf of themselves and their affiliates) not to research, develop, seek or

obtain any regulatory approval for the manufacturing, marketing, sale, or other commercialization of any product containing a fixed dose combination of D-cycloserine and lurasidone in the treatment of bipolar depression with suicidality, nor to authorize or assist (including by investing in or otherwise providing funding to) any third party to do so.

During the term of the License Agreement, NRx is permitted to develop additional products containing D-cycloserine in combination with one or more other active antidepressant or antipsychotic ingredients for use outside of the field of treatment of bipolar depression with suicidality, such as in post-traumatic stress disorder (PTSD) or chronic pain in depression, in which case, if NRx wishes to license rights to develop or commercialize such additional products or indications, Alvogen has a right of first negotiation to obtain such a license.

Under the terms of the License Agreement, we have the right to an aggregate of up to $330 million in cash milestone payments, including an initial $10 million First Milestone Payment, upon the achievement of certain milestones. A second milestone payment of $5 million is due upon Alvogen's receipt of a copy of the FDA's notice of NDA Approval for Product with the label indication for the treatment of bipolar depression with sub-acute or acute suicidality. Additional cash milestone payments will become payable to us upon the achievement of net sales targets measured over the trailing four quarters. Alvogen has also agreed to pay the Company royalties based on the net sales of NRX-101.

June Offering

On June 6, 2023, the Company entered into a securities purchase agreement with institutional investors (the "June Investors"), providing for the issuance and sale of 9,670,002 shares of the Company's Common Stock and warrants to purchase up to 9,670,002 shares of Common Stock (the "June Investor Warrants"). The Common Stock was issued in a registered direct offering for a purchase price of $0.65 per share (the "June Offering") and the June Investor Warrants were offered pursuant to a private placement under Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). The June Investor Warrants have an exercise price of $0.6525 per share, are initially exercisable beginning six months following the date of issuance (the "June Initial Exercise Date") and will expire five and one half years from the date of issuance. The aggregate net proceeds to the Company from the June Offering were approximately $6.28 million.

At The Market Offering

On August 14, 2023, we entered into an At The Market Offering Agreement (the "Sales Agreement") with H.C. Wainwright & Co., LLC ("Wainwright"), as sales agent, pursuant to which we may offer and sell, from time to time through Wainwright, shares of Common Stock having an aggregate offering price of up to $2,000,000 (the "ATM Shares"). Upon delivery of an issuance notice and subject to the terms and conditions of the Sales Agreement, Wainwright may sell the ATM Shares by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415(a)(4) promulgated under the Securities Act. We are not obligated to make any sales of the ATM Shares under the Sales Agreement. The offering pursuant to the Sales Agreement will terminate upon the earlier of (i) the issuance and sale of all the sale of the ATM Shares reaching an aggregate offering amount equal to $2,000,000, or (ii) the termination of the Sales Agreement as permitted therein. The Company will pay Wainwright a commission rate of up to 3.0% of the aggregate gross proceeds from each sale of ATM Shares and has agreed to provide Wainwright with customary indemnification and contribution rights. The Company will also reimburse Wainwright for certain specified expenses in connection with entering into the Sales Agreement. For the three months ended September 30, 2023, we did not sell any shares of Common Stock.

August Offering

On August28, 2023, the Company entered into a securities purchase agreement (the "Preferred Stock Securities Purchase Agreement") with certain purchasers (the "August Investors"), pursuant to which the Company issued 3,000,000 shares of the Company's SeriesA Convertible Preferred Stock, par value $0.001 per share (the "SeriesA Preferred Stock"), and one (1)investor warrant (each an "August Investor Warrant") for every share of SeriesA Preferred Stock issued. The shares of Series A Preferred Stock and the August Investor Warrants were offered pursuant to a private placement under Section 4(a)(2) of the Securities Act. Each August Investor Warrant entitles the holder to purchase one (1)share of Common Stock at a purchase price of$0.40per share. The aggregate purchase price for each share of SeriesA Preferred Stock and associated August Investor Warrant was $0.40. The August Investor Warrants are exercisable starting on the six month

anniversary of the date of issuance and will have a term of five years from the date of issuance. The August Investor Warrants may also be exercised during the initial six-month period after issuance, at the option of the August Investors, if the closing share price of the Common Stock equals or exceeds $1.20per share on any trading day. The aggregate proceeds to the Company from the private placement was approximately $1.2 million before expenses.

Cash Flows

The following table presents selected financial information and statistics for each of the periods shown below:

	September 30, 2023	December 31, 2022
Balance Sheet Data:	**(Unaudited)**	
Cash	$ 8,902	$ 20,054
Total assets	13,110	25,816
Convertible note payable	10,069	10,525
Total liabilities	19,327	18,407
Total stockholders' (deficit) equity	(6,217)	7,409

	September 30,	
	2023	2022
	(Unaudited)	
Statement of Cash Flow Data:		
Net cash used in operating activities	(18,465)	(31,437)
Net cash used in investing activities	(4)	(11)
Net cash provided by financing activities	7,317	22,092
Net (decrease) increase in cash	$ (11,152)	$ (9,356)

Operating activities

During the nine months ended September 30, 2023, operating activities used approximately $18.5 million of cash, primarily resulting from a net loss of $25.8 million, reduced by (a) net non-cash losses of $4.6 million, including $2.8 million in change in fair value of convertible promissory note and $1.6 million of stock-based compensation, and (b) changes in operating assets and liabilities of $2.7 million.

During the nine months ended September 30, 2022, operating activities used $31.4 million of cash, primarily resulting from a net loss of $29.5 million, increased by net non-cash gains of $2.0 million, including $4.6 million of gain from the change in fair value of earn out liability and $0.2 million of gain from the change in fair value of warrant liabilities, partially offset by $2.9 million of stock-based compensation expense, and an increase in net operating assets of $0.1 million.

Financing activities

During the nine months ended September 30, 2023, financing activities provided $7.3 million of cash resulting from $8.1 million in proceeds from issuance of common stock and warrants issued in a private placement, $1.2 million in proceeds from issuance of Series A preferred stock and warrants, partially offset by $2.3 million of repayments of convertible notes net of issuance costs.

During the nine months ended September 30, 2022, financing activities provided $22.1 million of cash resulting from $22.6 million in net proceeds received by the Company from the issuance of common stock and preferred investment options in a private placement partially offset by $0.5 million of repayment of the loan between the Company and Relief Therapeutics loan.

Contractual Obligations and Commitments

See Note 7, Debt, and Note 8, Commitments and Contingencies, of the notes to the Company's unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2023 included elsewhere in this report for further discussion of the Company's commitments and contingencies.

Milestone Payments

Pursuant to the legal settlement with Sarah Herzog Memorial Hospital Ezrat Nashim ("SHMH") in September 2018, which included the license of intellectual property rights from SHMH, an ongoing royalty of 1% to 2.5% of NRX-101 gross sales is due to SHMH, together with milestone payments of $0.3 million, upon completion of phase 3 trials and commercial sale of NRX-101. The milestone payments for developmental and commercial milestones range from $0.1 million to $0.8 million. Annual maintenance fees are up to $0.2 million.

Off-Balance Sheet Arrangements

The Company is not party to any off-balance sheet transactions. The Company has no guarantees or obligations other than those which arise out of normal business operations.

Critical Accounting Policies and Significant Judgments and Estimates

The Company's management's discussion and analysis of its financial condition and results of operations is based on its financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). The preparation of these financial statements requires NRx Pharmaceuticals to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the balance sheet and the reported amounts of expenses during the reporting period. In accordance with GAAP, NRx Pharmaceuticals evaluates its estimates and judgments on an ongoing basis. The most significant estimates relate to the earnout cash liability, stock-based compensation, and the valuation of warrants. NRx Pharmaceuticals bases its estimates and assumptions on current facts, historical experiences, and various other factors that NRx Pharmaceuticals believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

NRx Pharmaceuticals defines its critical accounting policies as those accounting principles that require it to make subjective estimates and judgments about matters that are uncertain and are likely to have a material impact on its financial condition and results of operations, as well as the specific manner in which NRx Pharmaceuticals applies those principles. While its significant accounting policies are more fully described in Note 3 to its financial statements, NRx Pharmaceuticals believes the following are the critical accounting policies used in the preparation of its financial statements that require significant estimates and judgments.

Stock-based compensation

We measure stock option awards granted to employees and directors based on the fair value of the award on the date of the grant and recognize compensation expense of those awards over the requisite service period, which is generally the vesting period of the respective award. For restricted stock awards, the grant date fair value is the fair market value per share as of the grant date based on the closing trading price for the Company's stock. The straight-line method of expense recognition is applied to awards with service-only conditions. We account for forfeitures as they occur.

We estimate the fair value of each stock option award using the Black-Scholes option-pricing model, which uses as inputs the fair value of our common stock and assumptions we make for the volatility of our common stock, the expected term of our stock-based awards, the risk-free interest rate for a period that approximates the expected term of our stock-based awards, and our expected dividend yield. Therefore, we estimate our expected volatility based on the implied volatility of publicly traded warrants on our common stock and historical volatility of a set of our publicly traded peer companies. We estimate the expected term of our options using the "simplified" method for awards that qualify as "plain-vanilla" options. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the award. Expected dividend yield is based on the fact that we have never paid cash dividends on common stock and do not expect to pay any cash dividends in the foreseeable future.

The assumptions used in determining the fair value of stock-based awards represent reasonable estimates, but the estimates involve inherent uncertainties and the application of our judgment. As a result, if factors change and we use significantly different assumptions or estimates, our stock-based compensation expense could be materially different in the future.

Warrant liabilities

We account for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in ASC 480, Distinguishing Liabilities from Equity ("ASC 480") and ASC 815, Derivatives and Hedging ("ASC 815"). The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC 815, including whether the warrants are indexed to the Company's own common stock and whether the warrant holders could potentially require "net cash settlement" in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance and as of each subsequent quarterly period end date while the warrants are outstanding.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of additional paid-in capital at the time of issuance. For issued or modified warrants that do not meet all the criteria for equity classification, the warrants are required to be recorded at their initial fair value on the date of issuance, or date of modification, and each balance sheet date thereafter. Changes in the estimated fair value of the warrants are recognized as a non-cash gain or loss on the statements of operations. The fair value of the Private Placement Warrants was estimated using a Black Scholes valuation approach and the fair value of the Substitute Warrants was estimated using a modified Black Scholes valuation approach which applies a probability factor based on the earnout cash milestone and earnout shares milestone probabilities of achievement at each reporting period.

Convertible note payable

As permitted under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 825, Financial Instruments ("ASC 825"), the Company elects to account for its convertible promissory note, which meets the required criteria, at fair value at inception and at each subsequent reporting date. Subsequent changes in fair value are recorded as a component of non-operating loss in the consolidated statements of operations. As a result of electing the fair value option, direct costs and fees related to the convertible promissory notes are expensed as incurred.

The Company estimates the fair value of the convertible note payable using a Monte Carlo simulation model, which uses as inputs the fair value of our common stock and estimates for the equity volatility and volume volatility of our common stock, the time to expiration of the convertible note, the risk-free interest rate for a period that approximates the time to expiration, and probability of default. Therefore, we estimate our expected future volatility based on the actual volatility of our common stock and historical volatility of our common stock utilizing a lookback period consistent with the time to expiration. The time to expiration is based on the contractual maturity date, giving consideration to the mandatory and potential accelerated redemptions beginning six months from the issuance date. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of measurement for time periods approximately equal to the time to expiration. Probability of default is estimated using Bloomberg's Default Risk function which uses our financial information to calculate a default risk specific to the Company.

The assumptions used in determining the fair value of the convertible note payable represent reasonable estimates, but the estimates involve inherent uncertainties and the application of our judgment. As a result, if factors change and we use significantly different assumptions or estimates, the change in fair value of the convertible note payable recorded to other (income) expense could be materially different in the future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

We maintain "disclosure controls and procedures," as such term is defined under Rule 13a-15(e) promulgated under the Exchange Act, designed to ensure that information required to be disclosed in our reports filed pursuant to 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 officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

In designing and evaluating the disclosure controls and procedures, we recognized 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 were required to apply our judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have carried out an evaluation as of September 30, 2023 under the supervision, and with the participation, of our management, including our Chief Executive Officer (who serves as our principal executive officer) and our Chief Financial Officer (who serves as our principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2023 in providing reasonable assurance of achieving the desired control objectives.

(b) Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred during the three months ended September 30, 2023 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting. The Company continues to review its disclosure controls and procedures, including its internal control over financial reporting, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that the Company's systems evolve with its business.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 8, Commitments and Contingencies, of the notes to the Company's unaudited condensed consolidated financial statements as of and for the three months ended September 30, 2023 included elsewhere in this report for further discussion of certain legal proceedings in which we are involved.

Item 1A. Risk Factors

We have disclosed the risk factors that materially affect our business, financial condition or results of operations under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 31, 2023 (the "Annual Report on Form 10-K"). There have been no material changes from the risk factors previously disclosed. You should carefully consider the risk factors set forth in the Annual Report on Form 10-K and other information set forth elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk that we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial, or may not be able to assess, also may materially adversely affect our business, financial condition and/or operating results. In addition to the risk factors detailed above, the following risk factors should also be considered:

- The audit report from our independent registered public accounting firm on our consolidated financial statements for the years ended December 31, 2022 and 2021 includes an explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern, indicating the possibility that we may not be able to operate in the future.

  Primarily as a result of our losses incurred to date, our expected continued future losses, and limited cash balances, we have included disclosure in our consolidated financial statements expressing substantial doubt about our ability to continue as a going concern. We do not have sufficient cash on hand and available liquidity to meet our obligations through the twelve months following the date the consolidated financial statements were issued. In the absence of financing, management anticipates that existing cash resources will not be sufficient to meet operating and liquidity needs for the next 12 months. Our ability to continue as a going concern is contingent upon, among other factors, the sale of the shares of our Common Stock or obtaining alternate financing. Any failure or delay to secure such financing could force us to delay, limit or terminate our operations, make reductions in our workforce, liquidate all or a portion of our assets and/or seek protection under Chapters 7 or 11 of the United States Bankruptcy Code.

- We are subject to certain contractual obligations and limitations on our ability to consummate future financings under the Promissory Note issued by us to Streeterville Capital, LLC on November 4, 2022, as amended on July 7, 2023.

  Pursuant to the securities purchase agreement we entered into in connection with the issuance of the Note to Streeterville Capital, LLC, we are subject to certain restrictions on our ability to issue securities during the term of the Note. Specifically, we agreed to obtain the Lender's consent prior to issuing any debt securities or certain equity securities where the pricing of such equity securities is tied to the public trading price of our common stock. Furthermore, we also must offer the Lender the right to purchase up to 10% of future equity and debt securities offerings, subject to certain exceptions and limitations, during the term of the Note.

  Further, we have agreed to make certain monthly redemption payments at the request of the Lender. Our failure to pay such redemptions, when due, may result in defaults under our agreements with the Lender. If we are in default with respect to our obligations under the Note, the Lender may consider the Note immediately due and payable and may elect to substantially increase the interest rate of the Note. We may not have the required funds to pay the required note redemptions and such redemptions, or penalties in connection therewith, may have an adverse effect on our cash flows, results of operations, and ability to pay our other debts as they come due.

- If we fail to meet the applicable continued listing requirements of Nasdaq, they may delist our common stock, in which case the liquidity and market price of our Common Stock could decline.

  Our common stock is currently listed on the Nasdaq. In order to maintain that listing, we must satisfy certain continued listing requirements. including the requirement that our Common Stock maintain an average minimum bid price of $1.00. In the past, we have received a deficiency letter from Nasdaq for failing to maintain a minimum bid price of $1.00, but we have since regained compliance. On July 20, 2023, we received a written notification (the "Notice") from Nasdaq indicating that we were not in compliance with Nasdaq Listing Rule 5450(b)(2)(A) – Market Value of Listed Securities ("MVLS") because we had not maintained a minimum MVLS of $50,000,000 for the previous 33 consecutive business days. We have been provided an initial compliance period of 180 calendar days, or until January 22, 2024, to regain compliance with the MVLS requirement. To regain compliance, our MVLS must meet or exceed $50,000,000 for a minimum period of ten consecutive business days prior to January 22, 2024. Additionally, on October 17, 2023, we received notice from Nasdaq indicating that, based upon our non-compliance with the minimum bid price requirement for continued listing on Nasdaq, as set forth in Nasdaq Listing Rule 5550(a)(2), our securities were subject to delisting unless we timely requested a hearing before the Nasdaq Hearings Panel. The Company has now been granted a hearing date of January 4, 2024 at which the Company will present its plan for achieving Nasdaq continued listing requirements. The Nasdaq has invited the Company to submit a short-form written response detailing that compliance plan, which at Nasdaq's election may substitute for the January 4 hearing. The Company has submitted this short form plan to the Nasdaq. If our Common Stock is delisted, an active trading market for our Common Stock may not be sustained and the

market price of our Common Stock could decline. Delisting of our Common Stock could adversely affect our ability to raise additional capital through the public or private sale of equity securities, would significantly affect the ability of investors to trade our securities and would negatively affect the value and liquidity of our Common Stock. Delisting could also have other negative results, including the potential loss of confidence by employees, the loss of institutional investor interest and fewer business development opportunities.

- We are currently involved in and may from time to time become involved in legal proceedings, some of which may result in substantial losses, government enforcement actions, damage to our business and reputation, or place a strain on our internal resources.

  We are currently involved in, and in the future may become involved in, legal proceedings and other governmental investigations including patent litigation, product liability and other product-related litigation, securities litigation, employment litigation, breach of contract claims, environmental, government and tax investigations, and other legal proceedings that arise from time to time as a party or as a non-party witness, with both private parties and certain government agencies. We may incur substantial time and expenses participating in these types of lawsuits and investigations, which could divert management's attention from ongoing business concerns and operations. In addition, these matters and any other substantial litigation may result in verdicts against us or our affiliates or government enforcement actions, which may include significant monetary penalties, potentially preventing the approval, manufacture, marketing and sale of our product candidates. Any dispute resolved unfavorably could have a material adverse effect on our business, financial position, and operating results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Description
10.1+	Amendment to Convertible Promissory Note, dated June 30, 2023, by and between NRx Pharmaceuticals, Inc. and Streetervillle Capital LLC.
31.1+	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1+†	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2+†	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	Interactive data files pursuant to Rule 405 of Regulation S-T formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets as of September 30, 2023 (Unaudited) and December 31, 2022; (ii) Unaudited Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2023 and 2022 ; (iii) Unaudited Condensed Consolidated Statements of Changes in Stockholders' Equity (Deficit) for the nine months ended September 30, 2023 and 2022; (iv) Unaudited Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2023 and 2022; and (v) Notes to Unaudited Financial Statements.
104	Cover Page Interactive Data File (formatted in iXBRL and contained in Exhibit 101)

+ Filed herewith.
† This certification is being furnished solely to accompany this Quarterly Report pursuant to 18 U.S.C. Section 1350, and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.
* In accordance with Rule 406T of Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q is deemed not filed or 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

NRX PHARMACEUTICALS, INC.

Date: November 14, 2023

By: /s/ Richard Narido
Richard Narido
Chief Financial Officer (Principal Financial Officer)

Exhibit 10.1

AMENDMENT TO CONVERTIBLE PROMISSORY NOTE

This Amendment to Convertible Promissory Note (this "**Amendment**") is entered into as of March __, 2023, by and between STREETERVILLE CAPITAL, LLC, a Utah limited liability company ("**Lender**"), and NRX PHARMACEUTICALS, INC., a Delaware corporation ("**Borrower**"). Capitalized terms used in this Amendment without definition shall have the meanings given to them in the Note (as defined below).

A. Borrower previously issued to Lender that certain Convertible Promissory Note dated November 4, 2022 in the principal amount of $11,020,000.00 (the "**Note**").

B. Lender and Borrower have agreed, subject to the terms, conditions and understandings expressed in this Amendment, to amend the Note.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Recitals. Each of the parties hereto acknowledges and agrees that the recitals set forth above in this Amendment are true and accurate and are hereby incorporated into and made a part of this Amendment.

2. Amendment to Section 9. Section 9 of the Note is hereby deleted and replaced in its entirety with the following:

> "Notwithstanding anything to the contrary contained in this Note of the other Transaction Documents, Borrower shall not effect any conversion of this Note to the extent that after giving effect to such conversion would cause Lender (together with its affiliates) to beneficially own a number of shares exceeding 9.99% of the number of shares of Common Stock outstanding on such date (including for such purpose the Common Stock issuable upon such issuance) (the "**Maximum Percentage**"). For purposes of this section, beneficial ownership of Common Stock will be determined pursuant to Section 13(d) of the 1934 Act. By written notice to Borrower, Lender may increase, decrease or waive the Maximum Percentage as to itself but any such waiver will not be effective until the 61st day after delivery thereof. The foregoing 61-day notice requirement is enforceable, unconditional and non-waivable and shall apply to all affiliates and assigns of Lender."

3. Representations and Warranties. In order to induce Lender to enter into this Amendment, Borrower, for itself, and for its affiliates, successors and assigns, hereby acknowledges, represents, warrants and agrees as follows:

(a) Borrower has full power and authority to enter into this Amendment and to incur and perform all obligations and covenants contained herein, all of which have been duly authorized by all proper and necessary action. No consent, approval, filing or registration with or notice to any governmental authority is required as a condition to the validity of this Amendment or the performance of any of the obligations of Borrower hereunder.

(b) There is no fact known to Borrower or which should be known to Borrower which Borrower has not disclosed to Lender on or prior to the date of this Amendment which would or could materially and adversely affect the understanding of Lender expressed in this Amendment or any representation, warranty, or recital contained in this Amendment.

(c) Except as expressly set forth in this Amendment, Borrower acknowledges and agrees that neither the execution and delivery of this Amendment nor any of the terms, provisions, covenants, or agreements contained in this Amendment shall in any manner release, impair, lessen, modify, waive, or otherwise affect the liability and obligations of Borrower under the Note or any other transaction documents entered into in connection with the Note (the "**Transaction Documents**").

(d) Borrower has no defenses, affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action of any kind or nature whatsoever against Lender, directly or indirectly, arising out of, based upon, or in any manner connected with, the transactions contemplated hereby, whether known or unknown, which occurred, existed, was taken, permitted, or begun prior to the execution of this Amendment and occurred, existed, was taken, permitted or begun in accordance with, pursuant to, or by virtue of any of the terms or conditions of the Transaction Documents. To the extent any such defenses, affirmative or otherwise, rights of setoff, rights of recoupment, claims, counterclaims, actions or causes of action exist or existed, such defenses, rights, claims, counterclaims, actions and causes of action are hereby waived, discharged and released. Borrower hereby acknowledges and agrees that the execution of this Amendment by Lender shall not constitute an acknowledgment of or admission by Lender of the existence of any claims or of liability for any matter or precedent upon which any claim or liability may be asserted.

(e) Borrower represents and warrants that as of the date hereof no Events of Default or other material breaches exist under the Transaction Documents or have occurred prior to the date hereof.

4. Certain Acknowledgments. Each of the parties acknowledges and agrees that no property or cash consideration of any kind whatsoever has been or shall be given by Lender to Borrower in connection with this Amendment.

5. Other Terms Unchanged. The Note, as amended by this Amendment, remains and continues in full force and effect, constitutes legal, valid, and binding obligations of each of the parties, and is in all respects agreed to, ratified, and confirmed. Any reference to the Note after the date of this Amendment is deemed to be a reference to the Note as amended by this Amendment. If there is a conflict between the terms of this Amendment and the Note, the terms of this Amendment shall control. No forbearance or waiver may be implied by this Amendment. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment to, any right, power, or remedy of Lender under the Note, as in effect prior to the date hereof. For the avoidance of doubt, this Amendment shall be subject to the governing law, venue, and Arbitration Provisions, as set forth in the Note.

6. No Reliance. Borrower acknowledges and agrees that neither Lender nor any of its officers, directors, members, managers, equity holders, representatives or agents has made any representations or warranties to Borrower or any of its agents, representatives, officers, directors, or employees except as expressly set forth in this Amendment and the Transaction Documents and, in making its decision to enter into the transactions contemplated by this Amendment, Borrower is not relying on any representation, warranty, covenant or promise of Lender or its officers, directors, members, managers, equity holders, agents or representatives other than as set forth in this Amendment.

7. Counterparts. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. The parties hereto confirm that any electronic copy of another party's executed counterpart of this Amendment (or such party's signature page thereof) will be deemed to be an executed original thereof.

8. Further Assurances. Each party shall do and perform or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Amendment and the consummation of the transactions contemplated hereby.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date set forth above.

LENDER:

STREETERVILLE CAPITAL, LLC

By: _____
John M. Fife, President

BORROWER:

NRX PHARMACEUTICALS, INC.

By: _____
Stephen Willard, CEO

[Signature Page to Amendment to Convertible Promissory Note]

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen H. Willard, Chief Executive Officer of NRx Pharmaceuticals, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NRx Pharmaceuticals, Inc. (the "Registrant");

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 Quarterly 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 Quarterly Report;

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

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant is made known to us by others within those entities, particularly during the period in which this Quarterly 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 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 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 14, 2023

/s/ Stephen H. Willard
Stephen H. Willard
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF THE ACTING CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Narido, Chief Financial Officer of NRx Pharmaceuticals, Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of NRx Pharmaceuticals, Inc. (the "Registrant");

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 Quarterly 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 Quarterly Report;

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

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant is made known to us by others within those entities, particularly during the period in which this Quarterly 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 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 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 14, 2023

/s/ Richard Narido
Richard Narido
Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF THE CHIEF 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 filing of the Quarterly Report on Form 10-Q for the three months ended September 30, 2023 (the "Report") by NRx Pharmaceuticals, Inc. (the "Registrant"), I, Stephen H. Willard, as Chief Executive Officer of the Registrant hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: November 14, 2023

/s/ Stephen H. Willard
Stephen H. Willard
Chief Executive Officer (Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request

Exhibit 32.2

CERTIFICATION OF THE ACTING CHIEF 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 filing of the Quarterly Report on Form 10-Q for the three months ended September 30, 2023 (the "Report") by NRx Pharmaceuticals, Inc. (the "Registrant"), I, Seth Van Voorhees, as Chief Financial Officer of the Registrant hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

2.the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: November 14, 2023

/s/ Richard Narido
Richard Narido
Chief Financial Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Registrant and will be retained by the Registrant and furnished to the Securities and Exchange Commission or its staff upon request.